# Commercial development of smaller towns: A comparative study of the planning and legislative principles for shopping centres in Bethlehem

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# ABSTRACT

The general body of academic knowledge on the commercial development of smaller towns is in its infancy. Yet its inherent potential is well perceived from a development and market perspective. Shopping centre development could have an important function in getting products and services to the marketplace in an economical way. Furthermore, it could have a very significant socio-economic impact in the central business district (CBD). Although such a shopping centre will surely create new businesses, employment and production opportunities for local businesses it is of importance to first determine the financial viability and impact of the new development on existing businesses.

Developers and researchers often approach the subject of shopping centre development from different perspectives. The research output is often of limited impact as the critical link between demographical analysis and financial viability is not made. Researchers are usually excluded from the physical establishment, rental structures, tenant mix, design, cost of construction, return on investment, funding and future management of the proposed new shopping centre project. Linking demographic assessment and financial viability is a critical output of this study.

Bethlehem and its district are quite unique in a number of ways, especially regarding the presence of a large farming community. Bethlehem provides goods and services to residents of Bethlehem, Clarens, Kestell, Harrismith, Heilbron, Paul Roux, Petrus Steyn, Reitz, Senekal and Warden. The main shopping activity occurs in the CBD of Bethlehem and its surrounding areas. Bethlehem only has one major shopping centre (the Metropolitan Centre) that provides goods and services for the people in the surrounding area. This causes an over concentration in the CBD and too much traffic in an already limited space. There is a high need for Bethlehem to provide a bigger shopping centre for the citizens of the town, as well as the surrounding areas.

This study investigates the need for a new shopping centre in Bethlehem and will determine whether a new shopping centre will be viable within the area

The empirical study revealed that approximately half of the respondents are not satisfied with the current shopping centres in Bethlehem. A greater amount of respondents felt that the shopping centres do not offer enough parking. The study revealed that, from a consumer point of view, there is definitely a need for a new shopping centre in Bethlehem and that there is a gap of approximately 12 892m² GLA (Gross leasable area). However, this was determined before the opening of the new Dihlabeng Mall. The Dihlabeng Mall occupies 24 142m², therefore an oversupply is already taken place.

***Keywords:***

- Shopping centre;
- Commercial development;
- Small towns;
- Household income;
- Per capita retail space;
- Per capita mall space;
- Sustainability; and
- Need.

Alhoewel die algemene raamwerk van akademiese kennis oor die kommersiële ontwikkeling van kleiner dorpe nog in die begin stadium is, kan die inherente potensiaal daarvan wel vanuit 'n ontwikkelings- en markperspektief waargeneem word. Die ontwikkeling van dié inkopiesentrums kan 'n baie belangrike rol daarin speel om produkte en dienste op 'n meer ekonomiese wyse by verkoopspunte te kry.

Verder kan dit ook 'n beduidende sosio-ekonomiese impak op die Sentrale Sake Kern (SSK) hê. Alhoewel die tipe inkopiesentrums besigheids-, werks- en produksie geleenthede sal skep, is dit van groot belang om eers te bepaal of die ontwikkeling finansieel lewensvatbaar sal wees en wat die impak daarvan op bestaande besighede sal wees.

Ontwikkelaars en navorsers benader dié onderwerp gewoonlik vanuit verskillende perspektiewe. Die navorsingsuitset word dikwels baie beperk omdat die kritiese verwantskap tussen die demografiese analise en die finansiële lewensvatbaarheid nie raakgesien word nie. Daarom is die navorser gewoonlik nie betrokke by die fisiese instelling, huurstrukture, samestelling van huurders, ontwerp, konstruksiekoste, befondsing, opbrengs op belegging en toekomstige bestuur van 'n voorgestelde inkopiesentrum-projek nie. Vir die doel van hierdie studie is dit baie belangrik dat die demografiese assessering en finansiële lewensvatbaarheid van die projek aanmekaar gekoppel word.

Die Bethlehem-distrik is in verskeie opsigte baie uniek, veral ten opsigte van die teenwoordigheid van 'n groot boerdery gemeenskap. Bethlehem verskaf goedere en dienste aan sy eie inwoners, asook die van Clarens, Kestell, Harrismith, Heilbron, Paul Roux, Petrus Steyn, Reitz, Senekal en Warden. Meeste inkopie aktiwiteite vind hoofsaaklik in die SSK van Bethlehem en die omliggende areas plaas. Bethlehem het egter slegs een groot inkopiesentrum wat goedere en dienste aan die inwoners van die omgewing lewer. Dit veroorsaak dus 'n baie hoë konsentrasie van aktiwiteit in die SSK en baie verkeer in 'n reeds beperkte omgewing. Die behoefte aan 'n groter sentrum is dus baie groot, nie net vir by inwoners van Bethlehem nie, maar ook by inwoners van omliggende dorpe.

Hierdie studie ondersoek die behoefte aan 'n nuwe inkopiesentrum in Bethlehem en die lewensvatbaarheid van so 'n ontwikkeling.

Die empiriese studie het bevind dat ongeveer die helfte van die respondente nie tevrede is met die huidige inkopiesentrums in Bethlehem nie. Meer as die helfte van die respondente het ook aangedui dat daar nie voorsiening gemaak is vir genoegsame parkering nie.

Die studie het getoon dat, vanuit 'n verbruikers oogpunt, daar 'n definitiewe behoefte is aan 'n nuwe inkopiesentrum en dat daar ongeveer 12 892m$^2$ BVA (Bruto Verhuurbare Area) beskikbaar is. Die meningspeiling is voor die opening van die nuwe Dihlabeng Winkelsentrum gedoen. Die Dihlabeng winkelsentrum beslaan 24 142m$^2$ BVA, dus vind daar reeds 'n ooraanbod plaas.

**Sleutelwoorde:**

- Inkopiesentrum
- Kommersiële ontwikkeling
- Klein dorpies
- Huishoudelike inkomste
- Per capita kleinhandel ruimte
- Per capita winkelsentrum ruimte
- Volhoubaarheid
- Behoefte

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CBD — Central Business District

CSS — Community Survey Statistics

DEAT — Department of Environmental Affairs and Tourism

DFA — Development Facilitation Act

DLM — Dihlabeng Local Municipality

DM — District Municipality

DRDLR — Department of Rural Development and Land Reform

DWAF — Department of Water Affairs and Forestry

EAP — Environmental Assessment Practitioner

ECA — Environment Conservation Act

EIA — Environmental Impact Assessment

EMF — Environmental Management Framework

EMP — Environmental Management Plan

FS COGTA — Free State Department of Cooperative Governance and Traditional Affairs

FS PSDF — Free State Provincial Spatial Development Framework

FSDP — Free State Development Plan

FSPG — Free State Provincial Government

FSPGDS — Free State Provincial Growth and Development Strategy

FSPSDF — Free State Provincial Spatial Development Framework

GBA — Gross Building Area

GIS — Geographic Information System

GLA — Gross Leasable Area

ICSC — International Council of Shopping Centres

IDP — Integrated Development Plan

KMO-Test — Kaiser-Meyer-Olkin Measure of Sample Adequacy Test

LM — Local Municipality

LSDF — Local Spatial Development Framework

LSM — Living Standard Measure

LUMS — Land Use Management System

MEC — Member of the Executive Council

MSA — Municipal Systems Act

NDoT — National Department of Transport

NEMA — National Environmental Management Act

NSDP — National Spatial Development Perspective

PEIP          - Provincial Environmental Implementation Plan

PGDS          - Provincial Growth and Development Strategy

PSEDS         - Provincial Spatial Economic Development Strategy

SA            - South Africa

SAARF         - South African Advertising Research Foundation

SACSC         - South African Council of Shopping Centres

SAHRA         - South Africa Heritage Resource Agency

SANRAL        - South African National Roads Agency Limited

SDF           - Spatial Development Framework

SEA           - Strategic Environmental Assessment

SEMP          - Strategic Environmental Management Plan

SPSS          - Statistical Package for the Social Sciences

Sq. ft.       - Square Feet

TM DM         - Thabo Mofutsanyane District Municipality

UK            - United Kingdom

UNCCD         - United Nations Convention to Combat Desertification

UNESCO        - United Nations Educational, Scientific and Cultural Organisation

US            - United States

USSR          - Union of Soviet Socialist Republic

## 1.1. Introduction

Shopping centre research can be categorised into management and development research. Management research is aimed at improving tenant's sales performance and centre management by assessing issues such as centre image, new shopping trends, variations in shopper composition, the impact of centre promotions and technical matters (energy efficiency, security systems and maintenance). The focus of this study will be development research. The primary aim of development research is to assess a shopping centre as a geographical entity both from a functional and an economic point of view.

In essence, therefore, it is argued that the relationship between shopping centre type, location and the population characteristics of the market it serves, contributes significantly to the financial success and spatial and temporal development pattern of the centre.

The following figure indicates the body of the chapter, this chapter will state definitions, the problem statement and the research aims and objectives.
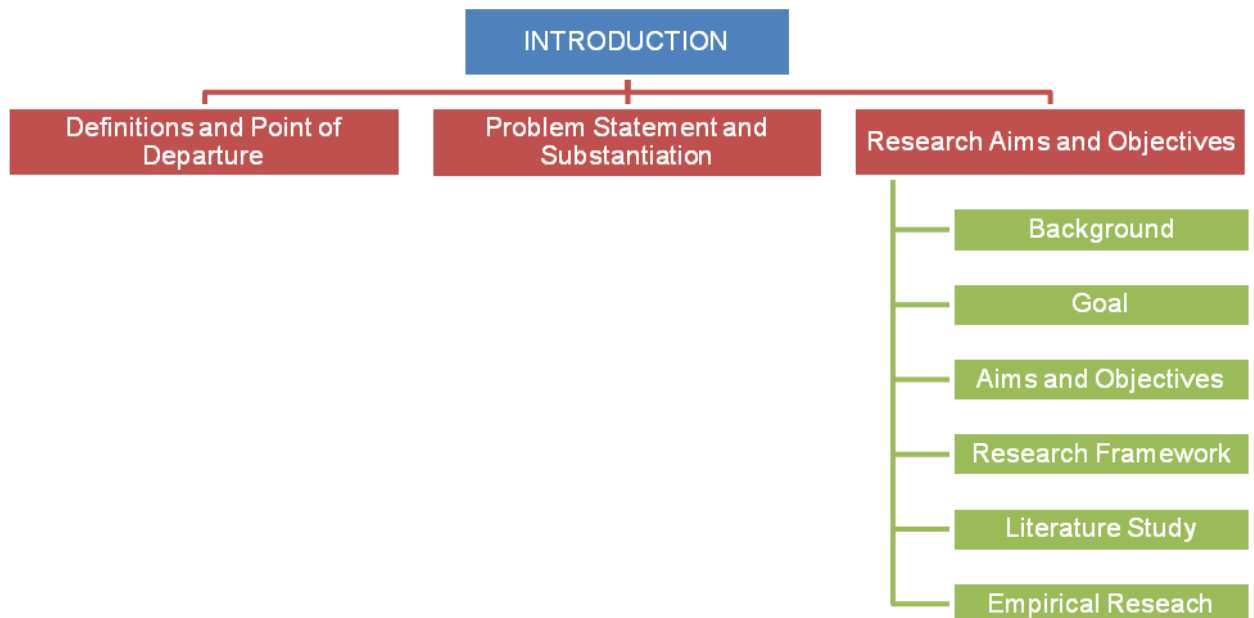


*Figure 1: Introduction diagram: Chapter 1*

## 1.2.    Definitions and point of departure

For the purpose of this study a clear distinction must be drawn between what is defined as the retail distribution system and what is understood by a modern shopping centre.

The retail distribution system is defined as those commercial activities which, through a process of buying and selling, sell most of their goods (more than 50%) directly to the general public. This definition is therefore directly related to all retailers, irrespective of location of physical structure. By implication the definition excludes enterprises such as wholesalers, who supply only shop owners. It also excludes manufacturing and service industries.

The shopping centre as defined by the Urban Land Institute (1977; 2) is:

> "A group of architecturally unified commercial establishments built on a site which is planned, developed, owned and managed as an operating unit related in its location, size and type of shops to the trade area that the unit serves."

It refers to a very specific spatial phenomenon or artefact. It could incorporate commercial enterprises offering services other than pure retailing. However, by its very nature, retailers dominate the make-up of the shopping centre.

The shopping centre is a planned grouping of shops, which may or may not exist as part of a shopping district.  In most of the modern residential areas in Europe and North America, shopping centres were built to provide shops for the local residents, because they are free-standing (Dawson, 1983: 1).

Gruen and Smith (1960:11) state that shopping centres are one of the few new building types created in our time. This also represents an instance where a number of individual businesses, banding together, are ready to submit to over-all rules to ensure the furthering of their common welfare.

Shopping centres are mainly a post-World War II concept and highly specialised development activity. Larger shopping centres are usually managed, developed and owned by firms whose expertise in terms of real estate activity is focused on shopping centres (Casazza *et al.*, 1985: 1).

The shopping centre was born in Europe and matured in North America. It now exists in cities with a wide variety of cultures and politics (Dawson, 1983: 1). According to Casazza *et al.* (1985:1), the shopping centre is probably the most successful land use, development, real estate, and retail business concept of the 20th century.

Shopping centres have been built across the world in all periods of major redevelopment since the 19th century (Dawson, 1983: 2). This statement acknowledges the fact that shopping centres have become increasingly popular over the years.

Shopping centres can be classified into several types of centres, such as: neighbourhood centres, community centres, regional centres, strip centres, super-regional centres, multi-use centres, ancillary centres, speciality centres, and focused centres. Numerous variations of the types of shopping centres exist as each country or continent has its own preferences when classifying the types of shopping centres that are available.

According to Welch (1969: 1), South Africa has a unique urban scene. Low density residential area developments lead to the need to create more comprehensive social facilities inside these residential areas; facilities that stimulate and enhance the community.

## 1.3. Problem statement and substantiation

The general body of academic knowledge on the commercial development of smaller towns is in its infancy. Yet its inherent potential is well perceived from a development and market perspective. Shopping centre development could have an important function in getting products and services to the marketplace in an economical way. Furthermore, it could have a very significant socio-economic impact in the central business district (CBD). Although such a shopping centre will surely create new businesses, employment and production opportunities for local businesses it is of importance to first determine the financial viability and impact of the new development on existing businesses.

Developers and researchers often approach the subject of shopping centre development from different perspectives. The research output is often of limited impact as the critical link between demographical analysis and financial viability is not made. Researchers are usually excluded from the physical establishment, rental structures,

tenant mix, design, cost of construction, return on investment, funding and future management of the proposed new shopping centre project. Linking demographic assessment and financial viability is a critical output of this study.

Bethlehem and its district are quite unique in a number of ways, especially regarding the presence of a large farming community. Bethlehem provides goods and services to residents of Bethlehem, Clarens, Kestell, Harrismith, Heilbron, Paul Roux, Petrus Steyn, Reitz, Senekal and Warden. The main shopping activity occurs in the CBD of Bethlehem and its surrounding areas. Bethlehem only has one major shopping centre (the Metropolitan Centre) that provides goods and services for the people in the surrounding area. This causes an over concentration in the CBD and too much traffic in an already limited space. Therefore it can be said that the basis of my hypotheses is the need for Bethlehem to develop a bigger shopping centre for the people residing in and around the town.

## 1.4. Basic hypothesis

This study investigates the need for a new shopping centre in Bethlehem. This study will determine whether a new shopping centre in Bethlehem will be viable and will determine if there will be an oversupply of retail space.

## 1.5. Research aims and objectives

### 1.4.1. Background

The developmental and planning objective is to establish a justified system of commercial centres which is in equilibrium with the needs of the population. A retail system that is not in equilibrium with the needs of the population will either be under- or overprovided in retail space. Under provision of retail space is seen as a monopolistic situation, whilst overprovision is viewed as an unproductive situation.

### 1.4.2. Goal

To determine shopping centre viability threshold levels based on demographic and shopping behaviour characteristics patrons.

### 1.4.3. Aims and objectives

The research aims and objectives are:

- To investigate the history and locations of shopping centres and provide the definitions of several terms relevant to this study.
- To analyse a shopping centre, the advantages and disadvantages of a shopping centre, the standards that make a shopping centre successful, and the tenant mix in a shopping centre. Consumer behaviour will also be discussed in terms of the motivation for a new shopping centre.
- To conduct empirical research in order to determine what the needs of the consumers in Bethlehem are. The study area as well as the status quo of Bethlehem will be discussed. The sustainability of a new shopping centre will also be investigated.
- Conclusions will be made regarding the theoretical and empirical study, as well as the need for a new regional shopping centre in Bethlehem.
- Recommendations will be made regarding shopping centres and their success.
- Recommendations will also be made for a new shopping centre in Bethlehem.

### 1.4.4. Research Framework

The research process commenced with formulating a research goal aiming at solving a particular problem (problem statement). The research program and process applicable to this study are highlighted in the figure below. Once the research goal had been formulated, a suitable study area was identified and the sourcing of information commenced. The demarcation of the study area is linked to market selection (macro-level: Free State Province), area selection (meso-level: Bethlehem) and selecting commercial development of smaller towns (micro-level). The point of departure in the research process was start the analysis as wide as possible and to then narrow it down to the value drivers impacting on shopping centre development from a developers perspective.

Information sourcing involved primary and secondary data. Primary data for this study included the development of a questionnaire targeting shoppers at the Metropolitan Centre in Bethlehem. The secondary data is linked to publications on the statistics of the Free State, Dihlabeng Local Municipality and Bethlehem.
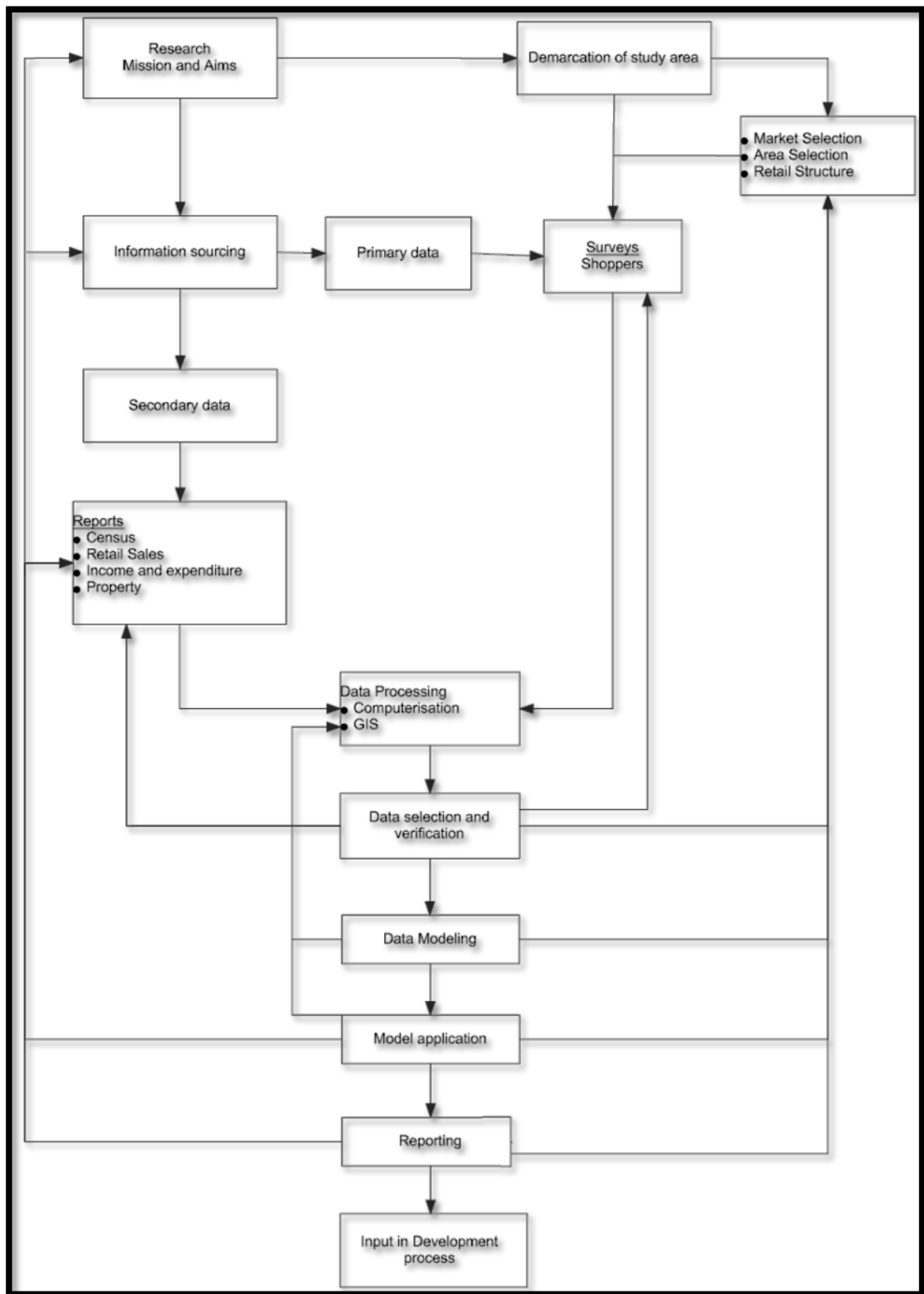
*Figure 2: Research program*
*Source: Own Creation (2013)*

A suitable set of data was collected and analysed by means of desktop analysis with the help of the creation of classifications and frequency tables. However, due to the fact that not all of the data that was collected made a significant contribution, a data selection and verification process was conducted. This process has a feedback link which re-appraises the data that was gathered. In the final steps of the research process, the information is reduced to its essence in a modelling exercise. A statistical research model was used in this case. The model was then applied as an assessment guideline for commercial development in smaller towns. The result of the research process are summarised in this report, with the aim of contributing to knowledge as a future secondary source and with the intent to stimulate new and further research on this subject.

The research framework for this study is summarised in terms of the following steps:

Step 1:         Formulating of research goal and aims.

Step 2:         Demarcation of the study area.

Step 3:         Information sourcing.

Step 4:         Data processing and preliminary findings.

Step 5:         Data selection and verification.

Step 6:         Data modelling.

Step 7:         Model application.

Step 8:         Conclusions and recommendation.

### 1.4.5. Literature study

A wide variety of sources will be used to obtain information. The following keywords will be used in searching for information: Development corridor, shopping centre and consumer behaviour. The Internet, books, journal articles, interviews, policies, legislations and other related literature will be consulted. Scientific databases (JSTOR, EBSCOhost and ScienceDirect) will also be used to obtain information for the theoretical study. This study will also make use of an empirical study (by means of questionnaires). Primary and secondary resources will therefore be used.

### 1.4.6. Empirical research

#### 1.5.1.1.  Research design and method of study

The empirical study will make use of quantitative research. Quantitative research is a process that is systematic and objective. This process uses numerical data from a selected subgroup of a universe (population) to generalise the findings of the universe that is studied (Maree and Pietersen, 2008:145). The population to be used in this study is the shoppers in the Bethlehem district. Questionnaires will be distributed at a central shopping area in Bethlehem with a diverse group of shoppers. This research will be done during the months of August and September 2012.

#### 1.5.1.2.  Sampling method

A non-probability convenience sampling method will be used to determine the number of questionnaires that need to be completed. According to the DWA (2011), Bethlehem has a population of 66 201 people and the Dihlabeng Local Municipality has a population of approximately 128 929 people. This does not, however, include the rest of the adjacent local municipalities with a population of approximately 185 145 people; all of them influencing the retail structure of Bethlehem. The sample can thus not be seen as representative of the population and generalization to the population should be handled with great caution, 120 questionnaires were distributed to the helpers and a total of 118 questionnaires were used in the statistics.

#### 1.5.1.3.  Development of the questionnaire

The questionnaire was developed by the School of Town and Regional Planning at the Potchefstroom campus of the North-West University. The questionnaire consists of two sections, including open- and close-ended questions, as well as Likert scale-type questions *(See Annexure A: Questionnaire)*.

**Section A:** This section captured questions relating to the respondents' socio-demographic profile, such as age, gender and number of people in the household.
**Section B:** This section will deal with questions regarding the behaviour and needs of the consumer, such as where they shop, how much time they spend shopping etc. A pilot study was carried out to pre-test the questionnaire on a small group of residents in Bethlehem. This group consisted of five people. The pre-test assisted in determining

whether any questions can possibly be misunderstood and will therefore allow the researcher to correct these questions before the questionnaire is distributed.

The time frame was divides into three sections from 08:00-11:00, 11:00-14:00 and 14:00-17:00. In order to accommodate the middle and end of the month (busiest times), questioning was done every second day, starting on the 28th of August 2012 and ending on the 22nd of September 2012 *(See Annexure B: Schedule for Survey)*. This scheduling was done to include the widest possible range of respondent types and therefore insuring diversity.

### 1.5.1.4. Retail land use surveys

The purpose of the retail land use surveys was to obtain a record of the type and size of commercial functions in Bethlehem. The information was considered necessary in order to estimate the size of commercial provision when calculating the need and/or justification of additional retail floor area.

### 1.5.1.5. Secondary sources

The main secondary source, linked to primary data, for a commercial study of this nature was:

- Census of commercial agriculture, 2007 Free State – Statistics South Africa;
- Census 2001 data – Statistics South Africa;
- Community survey, 2007 Basic results: Municipalities – Statistics South Africa;
- Income and expenditure of households 2000, Free State – Statistics South Africa;
- Household survey 2010 (Revised version) – Statistics South Africa; and
- Retail sales reports – Statistics South Africa.

### 1.5.1.6. Data analysis

Microsoft® Excel® will be used for basic data capturing and SPSS® will be used for statistical analysis. The Statistical Services of the North-West University will also assist in the process of analysing the data into relevant information regarding the empirical study. Conclusions and recommendations to the study will be drawn from the analysed data.

## 1.6. Conclusion

The purpose of this introduction is to provide an overview of the study to be undertaken. The theoretical study will investigate shopping centres, their history, location, types, as well as all of the aspects that make a shopping centre successful. The aspects of planning shopping centres will also be discussed. This empirical study will finally determine whether the consumers in the Bethlehem area feel perceive a need for a new shopping centre.

Currently, several new shopping centres are proposed for Bethlehem. The new shopping centres will probably provide a larger variety of services and goods for the people of Bethlehem and its surrounding areas. The locations of some of these shopping centres are within planned new mixed-use and residential developments in Bethlehem.

Although one of these centres has already been approved, appeals are made by stakeholders and owners of the current shopping centre in Bethlehem. These parties are opposed to the proposed new shopping centres and other similar shopping centres that are proposed in other locations. This study will investigate the extent of the need Bethlehem and the surrounding towns residents have for a new shopping centre. This study will also look into the needs of the people of Bethlehem, and what they deem necessary as far as retail business is concerned. Furthermore, recommendations will be made for shopping centres, as well as its success and sustainability.

## 2.1. Introduction

This Chapter will take a look at the history of shopping centres. The concept of shopping centres has existed for more than 1 000 years in forms of ancient market squares, bazaars and commercial districts at seaports. The Modern shopping centre had its origin in the 1920's (International Council of Shopping Centres, 2000). Furthermore there will be focussed on the time consuming nature of development and a clear understanding and definition will be provided for a) a trade area, b) a market analysis and, c) an area demand analysis.
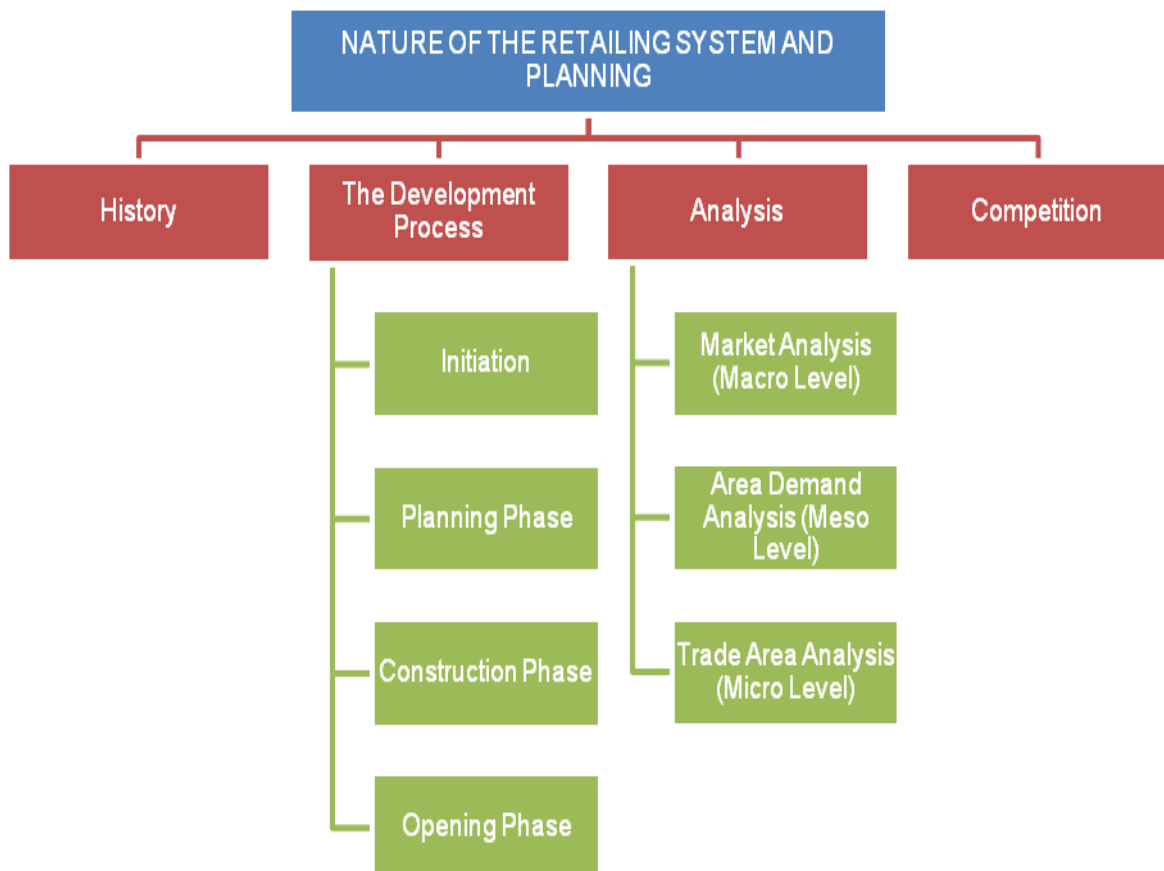


*Figure 3: Introduction diagram: Chapter 2*

## 2.2. History

Dawson (1983: 4) identified important breakthroughs in the design, development and start of operation of shopping centres in the United States dating from the 1920's and 1930's.

1827:    Cyrus Butler built a 50-shop, three-level enclosed shopping arcade in Providence, Rhode Island and opened it two years later.

1907:    Edward H Boulton built the Roland Park shopping centre in Baltimore as part of a high status residential community.

1920's:  In some American cities, the decentralisation of general merchandise stores into free-standing shops at important intersections in the expanding transport network in the suburbs began.

Late 1920's: These strip centres became commonplace in commercially optimistic suburban America from New York to Los Angeles.

*Source: (Dawson, 1983: 4)*

The rise of automobiles, suburbs and shopping centres is all part of a single occurrence. Automobiles came into greater use when cities spread out beyond the conventional transportation lines. The present-day shopping centre was launched in pursuit of shifting purchasing power, as retailing was moving into the suburbs (Casazza *et al.*, 1985: 11).

New concentrations of stores was established away from the customary downtowns and business corridors as buying habits and travel patterns shifted with the arrival of suburbs and shopping by car. These facilities were built on new kinds of sites because there was not enough space to accommodate the on-site parking needed in the CBD. The provision of parking became a necessary addition to retail facilities (Casazza *et al.*, 1985: 11-12). A marketplace with its own built-in customer parking was the solution formulated by private enterprises to address this need. Through a process of growth and innovation, as well as early development on vacant sites, the modern compact shopping centre was established. This process can be identified by its planning principles, selection of tenants, development procedures, and operational practices (Casazza *et al.*, 1985: 12).

Suburban development exploded after World War II, stimulated by 15 years of confined demand from the war and the preceding depression. Residential and commercial development swept through the country, forming suburbs and subdivisions situated outside the central city. Neighbourhood shopping centres were built to accommodate these residential areas and to become part of the suburban scene (Casazza *et al.*, 1985: 13).

In the later 1920's, as automobiles congested the central business districts of large cities, strip centres were built on the outskirts of towns. These centres were anchored by a supermarket, and other convenience types of stores were supplementary. The design was typical – a straight line of stores with front parking (International Council of Shopping Centres, 2000).

In the 1930's, Australian cities were also undergoing rapid growth and attempts were made to develop shopping centres. British influences, the American experience and the Australian environment tempered these designs. Only a few centres were developed during this period of time. These centres mainly consisted of small suburban strips with no more than a dozen shops. These centres were part of a larger shopping district or formed the core of later development of a shopping district. The management was weak, the motive for development was profit and the government played no role. The founding and growth of Canberra in the 1920's provided a working example for the shopping centre industry. It was within a planned overall design which included shopping centre provision (Linge, 1975: 14). Several small neighbourhood centres had been built by the mid-1930's to serve the growing suburban development, these centres were the only central area shops at the time (Dawson, 1983: 6).

In the 1930's and 1940's, large freestanding stores, with on-site parking, were set up away from the centres of big cities. This was especially seen in Ohio (International Council of Shopping Centres, 2000).

In the 1950's, centres were developed on the edge of suburbs and became engulfed in the spread of suburbia, allowing new centres to be built on the new urban fringe. This was a typical pattern of city growth throughout north-eastern USA and California in the 1950's and early 1960's (Dawson, 1983: 7).

The spread of suburbs during the 1950's encouraged the construction of shopping centres to serve the new market. The shopping centre became known as a distinct land-use type and building, due to the successful practices and innovations of the 1950's leading to proven procedures for shopping centre planning (Casazza *et al.*, 1985: 13).

The 1950's marked the opening of shopping centres with full-line department stores. These centres were designed in such a manner that the parking lot surrounded the centre. This was also the decade where central heating and air-conditioning inside shopping centres became prominent. The first fully-enclosed mall was opened in 1956 in Edina, Minneapolis (International Council of Shopping Centres, 2000).

The first regional centre in the USA to have an enclosed mall was planned in 1953 and opened in 1956. A new industry for the shopping centre came of age in 1957. The International Council of Shopping Centres (ICSC) was founded as a trade association to promote interest in and improve operating practices among shopping centre developers, managers, owners and tenants (Casazza *et al.*, 1985: 13).

In the UK, the first out-of-town move was in 1954 when a department store moved to a suburb 12 miles south of the city (Jones, 1969: 12). However, it was not until 1964 that the first planning application was made for an out-of-town regional centre called Haydock Park in Lancashire. This scheme was, however, not approved due to the fear of loss of trade at the existing centres (Manchester University, 1964). In 1983, the first application for an out-of-town regional shopping centre, the Metro Centre, was approved (McGoldrick and Thompson, 1992: 14).

Shopping centre development increased during the 1960's. Principles for shopping centre planning and operation were tested and refined. Adjustments were made due to changing conditions in financing, leasing, location, construction and operational aspects of expanding markets. Variations of standard types of shopping centres started to appear (Casazza *et al.*, 1985: 13).

Rapid growth in centre numbers in other Western European countries and Scandinavia occurred since 1965. In France, the major period of growth has been since the late 1960's. By the early 1980's, the shopping centre was an established feature of townscape and society in urban Europe (Dawson, 1983: 11).

The Bull Ring Centre in Birmingham opened in 1964 and the Elephant and Castle Scheme in London followed in 1965. These centres were the first covered shopping centres in the UK. They were not very successful, but marked the beginning of a decade of increased shopping centre development. This stage of shopping centre development lasted from 1965 until approximately 1972. Schiller comments that shopping centres that failed during this period did so because of location errors (Schiller, 1985: 49-50).

During the 1970's, the position of the shopping centre was strengthened. The ability of shopping centres to provide one-stop convenience was an obvious advantage over scattered retail locations (Casazza *et al.*, 1985: 16).

Shopping facilities showed little concentration other than in shopping districts in the USSR (Union of Soviet Socialist Republics) and Eastern Europe until the early 1970's. In new residential areas, retail provision tended to be scattered on the ground floors of blocks of flats, or distributed in single shop units throughout the housing area (Dawson, 1983: 13).

During the two decades following the 1960's, there was vigorous development of new shopping centres and many existing centres were extended and/or refurbished. The out-of-town shopping centre started to have an impact in 1976. However, most development within the UK was still concentrated within town centres until the mid-1980's (McGoldrick and Thompson, 1992: 7).

Schiller (1985: 50) indicated that the next stage of shopping centre development occurred from 1972 right through to the end of that decade. A greater adoption of the covered shopping centre was seen, as well as an increase in the size of shopping centres. During this period, some of the largest and best known centres were opened, examples are Brent Cross (1976), Eldon Square (1976) and the Arndale Centres in Luton and Manchester (McGoldrick and Thompson, 1992: 9).

A total of 7 600 shopping centres were present in the US by 1964, and by 1972, the number had doubled to 13 174. During the 1970's, new layouts and types of shopping centres evolved. The first festival centre was built in 1976, and was centred on food and retail specialty items. After this, the first vertical mall made its debut, making the

shopping centre a fully mixed-use project (International Council of Shopping Centres, 2000).

The clear measures of staying power indicated the importance of the shopping centre, because it had the ability to respond positively to the challenges of energy shortages, environmental concerns, economic recessions and economic management. The shopping centre continuously adapted to changing market opportunities during the 1980's and beyond. During this time, shopping centres made a real contribution to urban revitalisation (Casazza *et al.*, 1985: 16).

Important features of the early shopping centre industry in America were the emergence of strip centres as a form of property investment, and as an environment for retail operation as well as the creation of larger shopping developments. This provided means of comparison of fashion retailers as well as retailers of convenience goods.

The above-mentioned may be seen as a broadening of the concept of a strip centre, in the way their form and structure have developed, as well as in the personal associations between developers and designers of these early centres (Dawson, 1983: 5).

From 1977 and well into the 1980's, lower-level in-town shopping centre development continued. The creation of new shopping centre floor space continued towards the end of the decade (McGoldrick and Thompson, 1992: 9).

The 1980's saw growth in the number of shopping centres being built. Super-regional shopping centres also became very popular during this period (International Council of Shopping Centres, 2000).

From 1989 to 1993, there was a drop in shopping centre development. This was caused by a saving and loan crisis, which caused a severe credit crunch. The year 1993 marked a transition from privately-held, family-run shopping centre development companies to publicly-traded real estate investment trusts. Newer retail formats became popular, such as the power centre with anchor stores occupying most of the shop units. Power centres were often located near the regional and super-regional centres. Factory outlet centres also became more popular during the 1990's, as well as outlet centres (International Council of Shopping Centres, 2000).

Entertainment became a necessity in the early 1990's as technology developed and was incorporated in shopping centres to create more 'magic'. Cinemas, games, outdoor retail, restaurants and more soon made shopping centres even more popular (International Council of Shopping Centres, 2000).

As the internet played an increasingly prominent role in our daily lives, internet shopping also became increasingly popular. Shopping centre developers and their retailers incorporated the internet into their business models. Today, shopping centres and retailers have websites and communicate with their shoppers on-line and via e-mail (International Council of Shopping Centres, 2000).

Entering the 21st century, shopping centres continued to serve the social and economic needs of the community with a combination of fashion, food, entertainment and services (International Council of Shopping Centres, 2000).

Since its origins in the 18th and 19th century, the shopping centre development industry has changed from a business run by small landlords, to an activity where the market leaders are multinational development enterprises who own centres in many cities and countries (Dawson, 1983: 2).

In South Africa, shopping centres are just as popular as they are on other continents. The 1960's and 1970's marked the rise of the shopping centre in South Africa. The popularity of the shopping centre has increased over the last few years, especially in Gauteng. According to the MallGuide (2013), there are approximately 1224 listed shopping centres in South Africa.

*Figure 4: History of shopping centres*

*Source: Casazza et al. (1985); International Council of Shopping Centres (2000); Linge (1975); Dawson (1983); Jones (1969); McGoldrick and Thompson (1992); Schiller (1985)*

## 2.3. The development process

The development of a shopping centre is a time-consuming and complex process. This development process is defined as the activities and relationships amongst interested institutions in the period between the initial idea to create a shopping centre and the centre's opening for trading (Dawson, 1983: 38).

This process seldom takes less than two years to complete and in many cases it lasts substantially longer.

9

This process takes seldom less than two years to complete and in many cases it is substantially more.

### 2.3.1. Initiation

The developer has to decide whether to proceed with the idea by:

- Determining whether the trade area can support the shopping centre;
- Determining the required size and character of the shopping centre;
- Evaluating potential development sites; and
- Selecting the site with the most potential.

The first step requires market surveys. Research must be done in order to determine the population, their income and buying patterns. Population and income forecasts, new centre building, planned roads, etc. provide a basis for an overall forecast of the centre potential for trade area over a three-, five- and ten-year period (Dawson, 1983: 39).

The second step involves market research. The proposed centre's estimated sales potential can be calculated by means of this research. This research can determine floor space ratio of existing shopping centres and potential tenant mixes.

The third and fourth steps focus on the site of the shopping centre. The ideal location for the proposed new shopping centre must be evaluated and chosen.

### 2.3.2. Planning phase

The planning phase can be divided into three stages:

- **Exploratory planning stage:**
  The result of the exploratory stage will be a feasibility report.
- **Preliminary planning stage:**
  In this stage the finances, tenant mix strategy and design of the shopping centre layout including assessments of its environmental effects are completed.
- **Final stage:**
  Previous plans are refined and contracts prepared.

### 2.3.3.  Construction phase

In this phase the construction companies and engineers take over the development process.

### 2.3.4.  Opening phase

The final stage is the opening and management of the new shopping centre. The opening of a shopping centre is usually done by a ceremony ranging from a simple opening to ceremonial ribbon cutting by royalty.
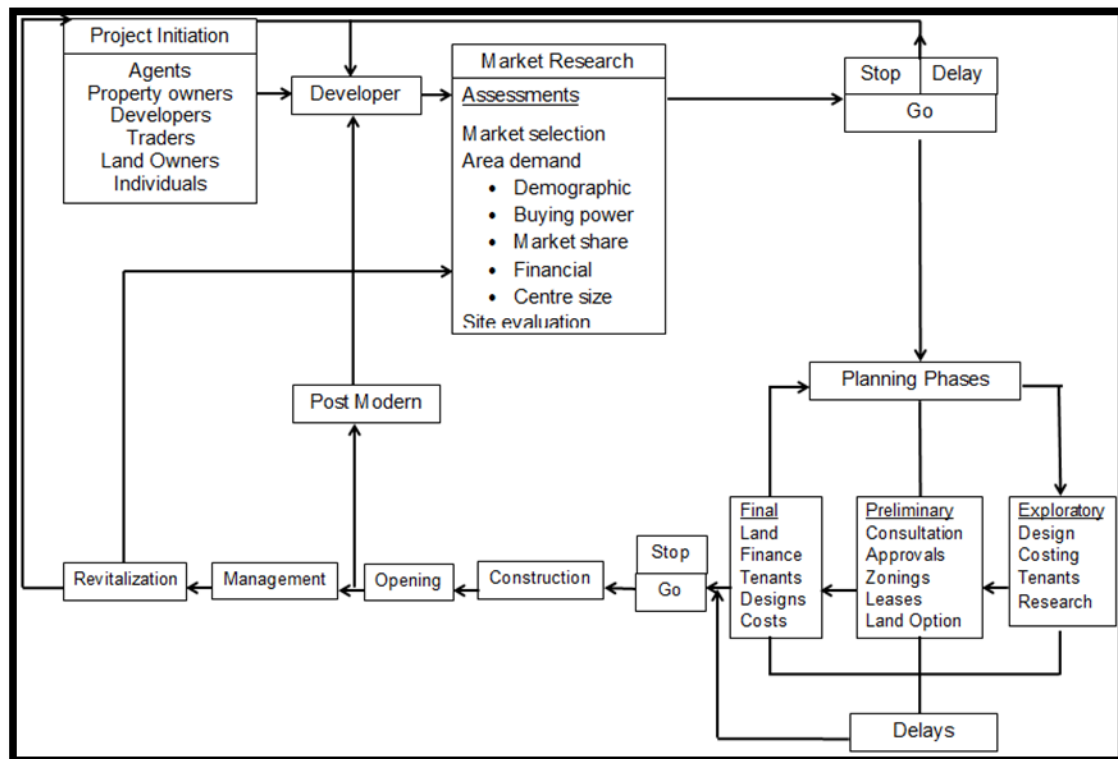


*Figure 5: Development Process*
*Source: Own Creation (2013)*

### 2.4.  Analysis (macro, meso & micro)

Before starting with any shopping centre project a developer must first identify and evaluate the market and then calculate its potential patronage for various categories of goods and services.

A new shopping centre can add more retail space to a small town; however, the existing retail structure must allow for the new development. If the population of a small town has not increased appropriately the existing retail can be considered adequate, at

least quantifiably. Therefore, the developer must be sure that the market can absorb the increase in retail space (Casazza et al., 1985: 20).
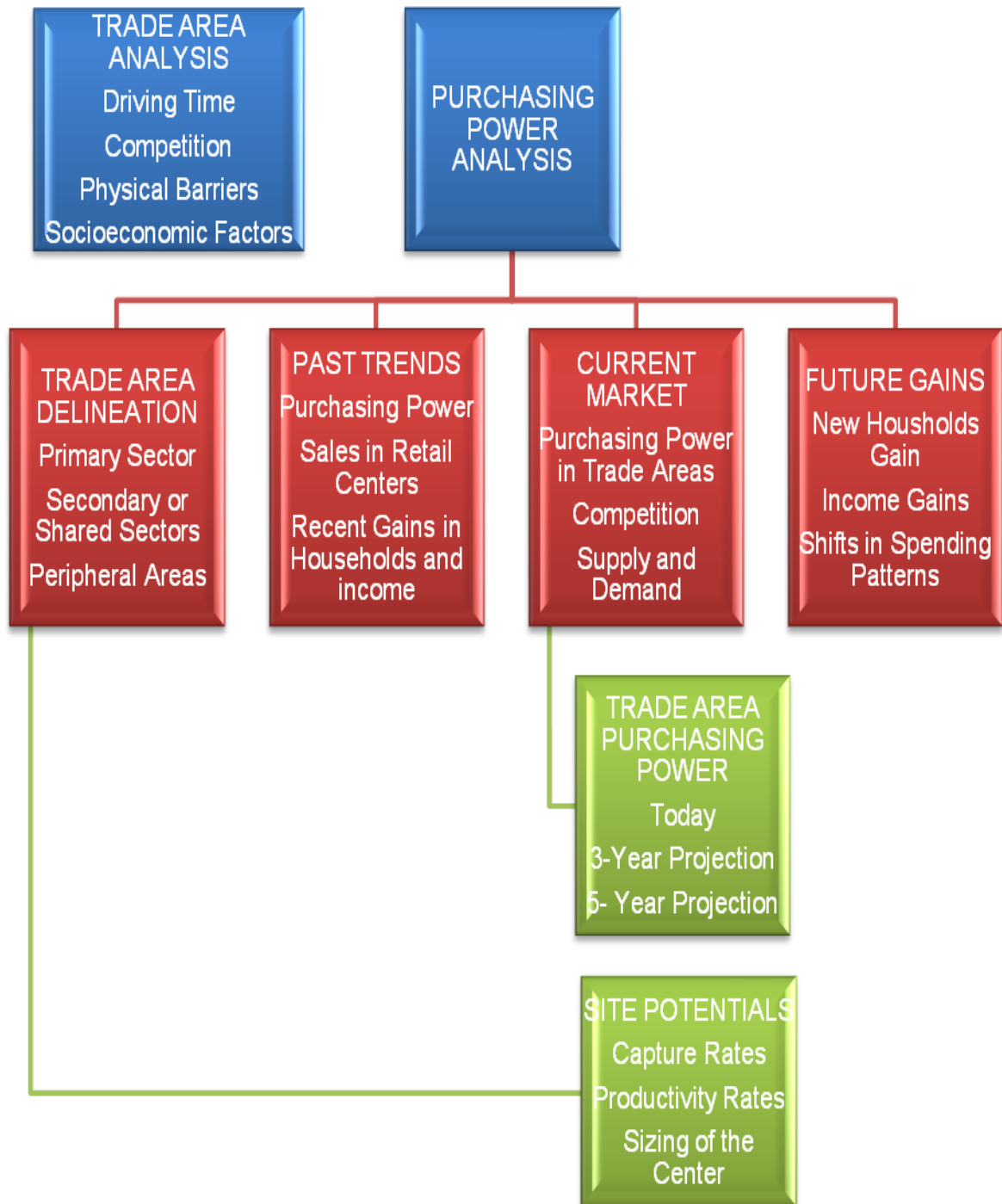


*Figure 6: Sales Potential for a Retail Centre: Analytical Process*
*Source: (Casazza et al., 1985: 4)*

### 2.4.1. Market Analysis (macro level)

Determining where to look for shopping centre development potential starts with a screening of the market place. From a macro perspective the following main factors need to be considered:

- Demography (population, ethnicity, employment, growth, migration);
- Economy (economic base, purchasing power, level of retail provision or competition, investment stability, retail sales, business acumen); and
- Political factors(capability, stability, leadership)

In terms of the macro approach, therefore, it is crucial to contextualise the prospective market (as per above factors), even if the meso and micro markets are well known to the analyst. However, the goal is not to gather infinite detail, but rather to obtain an overview. The demographic, economic and political assessments at this stage include looking at broad trends and should be comparative in nature.

The market selection process also deals with the issue of market saturation or, alternatively, market penetration probability. Market saturation refers to the current level of retail services in relation to the buying power, it is therefore critical to assess existing retail provision in the market-place in order to determine an index for saturation and retail performance. Market expansion or contraction possibilities must also be taken into account in a futuristic forecast related to population growth, economic development, infrastructure changes, political stability and any other factors that may influence the financial performance of the investment in the medium to long term. With respect to competition and retail provision, personal site visits are usually conducted, alternatively, the telephone directory is a useful source of information (Benjamin, 1966: 18).

### 2.4.2. Area Demand Analysis (meso level)

The area demand analysis follows the market selection and focuses on a specific market area. Once a positive potential opportunity has been assessed, by means of a market selection analysis, a more detailed analysis is required. This would include an accurate trade area demarcation and analysis of market potential and competition, as well as an analysis of the retail structure serving the identified market area (Dawson,

1983:39; Ghosh and MacLafferty, 1988:43). Furthermore, White and Gray (1996) identify four aspects that need to be assessed, namely:

- The economic base (demography including employment, income and expenditure);
- Consumer habits and attitudes (direct consumer research);
- Competition (competitive alignment – existing and planned alternatives); and
- Trade areas (definition and evaluation).

Alternatively, the methodology could incorporate all of the above assessments under 'trade area analysis'. It should also be noted that neither the macro or meso level of analysis can be totally divorced or studied in isolation. In this respect, as highlighted by White and Gray (1996:106), trade area analysis will also, invariably, consider macro, meso and micro assessments.

Trade area analysis ties together the macro analysis of the economic base, micro analysis of consumer preferences, and the market analysis of the competition in the selection of retail location that optimises developer, retailer or investor profit.

### 2.4.3. Trade Area Analysis (micro level)

Field surveys in shopping centre viability studies are concerned with the collection of data, measuring distribution of customers (trade area demarcation) and the sales potential of a site (market share). "Collectively this body of research can be labelled as trade area analysis and the surveys that are undertaken usually involve interviews of customers either inside or outside a store" (Davies and Rogers, 1984:341).

Trade area, by definition, refers to the area linking suppliers and customers. It is that area from which the major number of shoppers is drawn (Greer and Farrell 1984:97) and can be applied to an individual retailer or conglomeration of traders such as a shopping centre. Thus a shopping centres' trade area is also that area served by its tenants or where the majority of business will come from. This principle is also referred to in the general definition of a shopping centre and therefore calls for the analyst, first and foremost, to do an accurate demarcation of the trade area and secondly to do an assessment of its population, their buying power and shopping habits.

## 2.5. Competition

A new shopping centre will attract new businesses, but not all the businesses in the current trade area will move to the new trade area. It will draw on three sources, the increase in population, existing trade stores and customers seeking for goods and services. The shopping centre will not generate more purchasing power, but it will create competition. For the new centre to be a success, they need to do market research in order to determine which goods and services are not yet provided in the current retail area.

## 2.6. Conclusion

This chapter investigated the background of shopping centres. The history of the shopping centre stretches as far back as the beginning of the 20<sup>th</sup> century and it appears as though it will still be a viable retail element in the future. Several terms that are useful to this study and to shopping centres were also defined. Lastly, the development process, trade area and market demand of shopping centres was investigated. The next chapter will look into several classifications and types of shopping centres, as well as the location, advantages and disadvantages of shopping centres.

**3.1.    Introduction**

The Shopping centre is a distinct commercial land use involving much more than a real estate venture. It is a retail merchandising complex that generates supplementary land uses and influences community value (Casazza et al., 1985: 19).

With this said, chapter 3 will look at the different classifications of shopping centres and how they each play a distinct role, with regards to the function that they play in the community as well the future trends.  Other aspects included will be the different elements which form part of the shopping centre, such as parking, traffic and the provision of other forms of access.

In the formation of this chapter the essential preliminaries of the feasibility study are:

- Market analysis, including an evaluation of existing competition as well as potential future competition;
- Site selection, evaluation and control;
- Key tenant commitments;
- A leasing plan;
- Financial negotiations; and
- Zoning, environmental and other public approvals.

The shopping centre is the most successful land use, real estate, and retail business concept of the 20th century (Beyard and O'Mara, 1999).
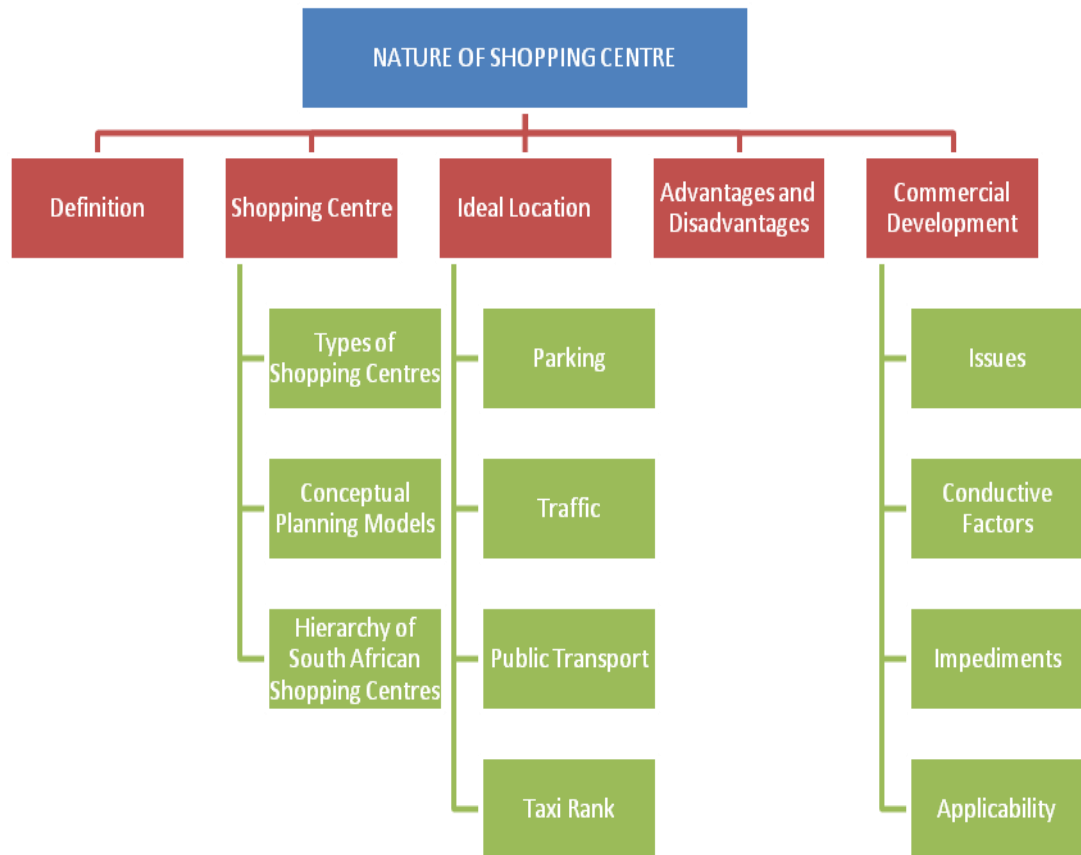
*Figure 7: Introduction diagram: Chapter 3*

### 3.2.    Definitions

According to Casazza *et al.* (1985: 2), the shopping centre is a specialised, commercial land use and building type that previously thrived primarily in suburbia, but is today found throughout the country. When using the term "shopping centre" accurately, a shopping centre refers to: "A group of architecturally unified commercial establishments built on a site that is planned, developed, owned and managed as an operating unit related in its location, size, and type of shops to the trade area that it serves. The unit provides on-site parking in definite relation to the types and total size of the stores" (Casazza *et al.*, 1985: 2).

To understand the full meaning of the shopping centre, the following terms need to be explained:

- **Anchor store / tenant:** The largest store (or any large store) in a shopping centre. Usually a supermarket, variety store or department store, and located at the ends or corners of a shopping centre. This store is usually used to attract

potential customers to the shopping centre (Guy, 1994: xiii, Eastern Connecticut State University, 2009).

- **Arcade:** This is an entertainment area in a shopping centre offering coin-operated computer games and amusements (Eastern Connecticut State University, 2009).

- **Community centre:** This is a shopping centre of between 100,000 and 350,000 sq. ft. GLA. This centre is typically anchored by one or two discount department stores, a drug store, or a home improvement store (Eastern Connecticut State University, 2009).

- **Comparison goods:** These types of goods fulfil the weekly or monthly needs of shoppers. Shoppers like to compare the prices, quality and variety of these goods, and also examine the service and credit facilities of competing stores. Examples of these goods are: clothing, shoes, furniture, appliances, jewellery, gifts, cameras, books etc. (Darlow, 1972: 17; Guy, 1998: 257; American Marketing Association, 1948: 206).

- **Convenience centre:** This centre is open and has less than half a dozen stores. This centre offers day-to-day necessities (Eastern Connecticut State University, 2009).

- **Convenience goods:** These are goods that are needed frequently, immediately and with the minimum effort. These goods are therefore purchased at a convenient time and close to the shopper's home, work or a temporary residence (Casazza *et al.*, 1985: 3; Guy, 1998: 259; American Marketing Association, 1948: 206). This term can also be described as goods fulfilling the daily shopping needs, bought at frequent intervals (Darlow, 1972: 17). Therefore, a convenience outlet should attract short and frequently made shopping trips, and shops should include a supermarket, chemist, post office, etc. (Guy, 1998: 257).

- **Enclosed mall:** This is a shopping centre that is entirely inside a roofed structure, with a limited number of entrances and the stores are only accessible through interior corridors (Eastern Connecticut State University, 2009).

- **Entertainment complex:** This shopping centre features theatres, amusement stores, restaurants and other related stores (Eastern Connecticut State University, 2009).

- **Fashion mall:** This centre features stores that offer stylish clothing and merchandise as well as quality consumer goods (Eastern Connecticut State University, 2009).

- **Festival / Themed market place:** This is typically an urban shopping centre featuring entertainment and restaurants, which are associated with historic or cultural interest (Guy, 1994: xiv, Eastern Connecticut State University, 2009).

- **Focused centre:** This shopping centre consists of one or more large, free-standing stores, and a few smaller stores (Guy, 1994: xv).

- **Food court:** This is a separate area in a shopping centre with fast-food outlets and common seating areas (Eastern Connecticut State University, 2009).

- **Free-standing store:** This is a retail outlet that is not associated with a shopping centre, and usually a distance from congested shopping areas (Eastern Connecticut State University, 2009).

- **GBA (Gross building area):** The difference between the GBA and the GLA is the enclosed common area that is not leasable to the individual tenants. The GBA includes public areas, corridors, stairwells, public toilets, elevators, machine and equipment rooms, lobbies, enclosed mall areas and other areas that are integral to the building function (Casazza *et al.*, 1985: 3).

- **GLA (Gross leasable area):** This term expresses the size of centres and its tenant spaces. GLA is the measurement that is used for uniform comparison and accurate measurement. This term, expressed in square feet, can be defined as the total floor area that is designed for the occupancy and exclusive use by the tenant. This is the space which tenants pay rent for (Casazza *et al.*, 1985: 2; Eastern Connecticut State University, 2009), or the total enclosed floor area of a store, or of all the shops in a shopping centre (Guy, 1994: xiv). GLA does not include public areas, stairways, lobbies, public toilets, elevators, machine and equipment rooms, enclosed mall areas etc. (Casazza *et al.*, 1985: 3; Eastern Connecticut State University, 2009).

- **Impulse goods:** These goods are those that the shoppers do not consciously or actively seek. Impulse goods are positioned near entrances and exits in a shopping centre (Casazza *et al.*, 1985: 3).

- **Kiosk:** This is a semi-permanent booth that is placed in pedestrian areas in a shopping centre. These kiosks sell small items or offer certain services (Eastern Connecticut State University, 2009).

- **Lifestyle centre:** This centre is typically open-air, and its array of outlets (stores) is designed to appeal to upper-scale shoppers. This centre also provides attractive landscaping, fountains, outdoor seating etc. (Eastern Connecticut State University, 2009).

- **Mall:** Any shopping centre that has adjacent parking and outbuildings. This is usually an enclosed centre (Eastern Connecticut State University, 2009) consisting of one or more anchor stores and several smaller units. The minimum size is often 100 000 sq. ft. GLA (Guy, 1994: xv).

- **Mixed-use centre:** This is an integrated complex containing offices, residences, theatres, restaurants, a hotel and other services, in addition to the retail stores that are available (Eastern Connecticut State University, 2009).

- **Neighbourhood centre:** This is typically an open-air shopping centre, approximately 30 000 to 150 000 sq. ft. in GLA with three to 15 stores and supermarket as an anchor store (Eastern Connecticut State University, 2009).

- **Off-price centre:** This is a retail centre that sells brand-name clothing, and other goods at reduced prices (Eastern Connecticut State University, 2009).

- **Open-air centre:** This shopping centre's stores are directly accessible to the public, meaning that the stores are not enclosed under one roof, and the exterior walkways are sometimes covered (Eastern Connecticut State University, 2009).

- **Outlet (off-price) mall:** This shopping centre consists of national brand-name retailers, clothes-outlets that sell discounted merchandise, or even factory outlets (Eastern Connecticut State University, 2009).

- **Parking index:** GLA is also used when calculating the appropriate number of parking spaces needed for a shopping centre. Community rooms, management areas, common areas and storage areas do not generate parking demand. The measurement unit for this term is known as the 'parking index', which indicates the number of parking spaces per 1 000 sq. ft. of GLA. Currently, it is recommended that indices range from four to five spaces per 1 000 square feet of GLA, depending on the centre size (Casazza *et al.*, 1985: 3).

- **Power mall:** This is a shopping centre that contains major stores that dominate the industry, called category-killer stores, such as home improvement, toys, stationary and discount department stores (Eastern Connecticut State University, 2009).

- **Regional shopping centre:** A large free-standing shopping centre, occupying approximately 400 000 to 800 000 sq. ft GLA. This centre is usually an enclosed mall, with 40 to 100 stores, and anchored by one or more department stores (Guy, 1994: xv; Eastern Connecticut State University, 2009).
- **Retail outlet:** This is defined by Guy (1998: 255) as a building where retailing takes place. This retail outlet should store retail goods that can be sold to the public directly from the premises.
- **Retail park:** This is an organised development of at least three retail warehouses. This can also be defined as a single-storey retail unit of at least 10 000 sq. ft. (Guy, 1994: xv).
- **Shopping centre:** This centre is usually managed by a single organisation, on a specially developed parcel of private property, and usually consists of a planned group of connected retail stores with an attached parking area (Guy, 1994: xv; Eastern Connecticut State University, 2009). Guy (1994: xv) defines a shopping centre as a planned retail development consisting of three shops or more that are under one ownership and that are marketed and managed as a unit. According to Dawson (1983: 1), a shopping centre is a planned grouping of shops that may or may not exist as part of a shopping district. Dawson (1983: 2) is also of the opinion that shopping centres are a feature of the urban land development process in which private or public landowners develop land deliberately for retail uses.
- **Shopping goods:** A shopper spends most of his energy on these goods, and they have the greatest desire to do this through comparison shopping (Casazza *et al.*, 1985: 3).
- **Speciality centre:** This type of shopping centre serves a particular segment of the market and consists of smaller shops and no anchor tenants (Casazza *et al.*, 1985: 3).
- **Specialty goods:** The shopper takes more care and spends more time and effort when purchasing these goods. This type of merchandise has no clear trade area (Casazza *et al.*, 1985: 3).
- **Strip centre:** This is an open-air neighbourhood centre, smaller than 10 000 sq. ft. GLA. This centre has at least three stores arranged in a connected row facing a parking area (Eastern Connecticut State University, 2009).

- **Super-regional shopping centre:** A free-standing shopping mall of at least 800 000 sq. ft. GLA, consisting of more than 100 stores including several department stores. This is usually an enclosed mall (Guy, 1994: xvi; Eastern Connecticut State University, 2009).

- **Trade area:** This term refers to the area that contains people whom are likely to purchase a certain given class of goods and services from a specific firm or group of firms. The size of the trade area will vary based on the tenant category and shopping centre type (Casazza *et al.*, 1985: 3).

- **Urban mall:** This is a shopping centre that is located within the city centre, can consist of several levels and has adjacent multi-level parking (Eastern Connecticut State University, 2009).

- **Value-oriented mall:** This shopping centre is characterised by low-end, discount and outlet stores (Eastern Connecticut State University, 2009).

- **Village centre:** This is an open-air shopping centre consisting of several wings and often a central plaza (Eastern Connecticut State University, 2009)

## 3.3. Shopping centres

It is a specialized, commercial land use and building type, which today is found throughout the country but until 1970's thrived primarily in suburbia, occurring only rarely in urban downtowns and rural areas.

The Community Builders Council of the Urban Land Institute defines a shopping centre as "a group of architecturally unified commercial establishments built on a site that is planned, developed, owned and managed as an operating until related in its location, size, and type of shops to the trade area that it serves. The unit provides on-site parking in definite relationship to the types and total size of the stores"

### 3.3.1. Types of shopping centres

Originally shopping centres were divided into only three categories according to their function. These categories were neighbourhood, community and regional. The major tenant classification, and not the size of the location, determines the type of shopping centre. Size alone is not inadequate in defining shopping centres as there is a direct correlation between centre size and trade area, tenant characteristics and mix, and functions served in terms of categories of retail goods.

Shopping centre classification is a useful analytical tool to study centres in terms of common characteristics, however, it is neither the beginning nor the end of shopping centre development nor is it shopping centre development *per se.* The entrepreneurial spirit simply does not conform to clearly pre-defined parameters, as such a conformation contradicts the principle of being an entrepreneur.

"Centres need not be true to type, a good developer can mix, and often should, components of each type" (White and Gray, 1996:214).

Classification assists developers of shopping centres in two ways:

- It defines the methodology and best practice parameters for repetitive entrepreneurs wishing to duplicate a successful concept; and
- It sets the benchmark for new concepts.

Each shopping centre, notwithstanding classification, has unique features related to its location, size, design, appearance, tenant mix and the market it serves. These unique features reflect entrepreneurial flair. Being of a dynamic nature, the classification of shopping centres are continuously reviewed and updated as new development concepts appear. An official classification of shopping centres does not exist in the Free State or South Africa at present. An attempt by the South African Council of Shopping Centres to embark on such a project has not yet materialised, but the true question is whether such a classification should enjoy 'official status' as the forces that shape commercial development evolve beyond simplistic guidelines associated with classifications.

The traditional method of classifying suburban-based shopping based on leasable area-criteria is well publicised and is an integrated part of shopping centre typologies. The types of centres that do not conform to the traditional classification are substantial in variety, size and function and consensus on universal classification criteria is not considered practical. This allows for arbitrary descriptions (White and Gray 1996:33). The following analysis considers shopping centres in three broad categories, namely traditional, contemporary and future trends.

### 3.3.1.1.     *Traditional Suburban Trend*

The traditional classification of shopping centres after 1950 is based on a three-tier system consisting of neighbourhood, community and regional centres (Dawson, 1983;

17). It represents a time when urbanisation and economic growth in the first world was gaining momentum.

## Neighbourhood shopping centre

The function of a neighbourhood centre is mainly selling convenience goods (food, drugs and sundries) and offering personal services (those that meet the daily needs of an immediate neighbourhood trade area). The key tenant or anchor tenant is a supermarket and accounts for approximately 30 percent of the total leasable area. Other typical tenants – line shops – include butcheries, green grocers, non-food general goods stores, clothing stores, furniture stores, hardware stores, chemists, video hire stores (DVD stores) and post offices. Services include fast food outlets or restaurants, hair dressing, financial services, medical services and office space. The floor area ratio of retail vs. services is approximately 3:1. The design varies from a simple open plan strip, L- or U shape to that of an enclosed mall for bigger centres. The developer is usually locally based and it could be a once-off investment by an individual, a consortium or a regional development agency.

*Table 1: Neighbourhood shopping centre*

| The neighbourhood shopping centre | |
|---|---|
| Typical GLA | 5 000m² |
| Usual range of GLA | 3 000 – 10 000m² |
| Total site area | Varies from 1 – 4 hectare |
| Catchment population | 2 500 – 40 000 |
| Distance | 6 minute drive |
| Parking | 6.1 spaces /100 m² (GLA) |

## Community shopping centre

Community centres function as places where a greater variety of merchandise is offered to a substantially larger population than that served by a neighbourhood centre. Multiple supermarket and department stores may be part of the tenant mix of such a centre. National and regional retailers are well represented, whilst the design is generally an enclosed mall. Location preference for such a centre is usually confined to intersections of major suburban roads. The development needs considerable financial backing and is thus inclined to be governed by large financial institutions and property investors.

*Table 2: Community shopping centre*

| The community shopping centre | |
|---|---|
| Typical GLA | 15 000m² |
| Usual range of GLA | 10 000 – 30 000m² |
| Total site area | Varies from 4 – 12 hectare |
| Catchment population | 40 000 – 150 000 |
| Distance | 6 minute drive |
| Parking | 6.6 spaces /100 m² (GLA) |

## *Regional shopping centre*

The regional centre provides shopping goods, general merchandise, apparel, furniture, and home furnishings in full depth and variety. Its main attraction, around which the centre is built, is the full-line department store. Regional centres are the most sought after by major investors and developers, provide a full variety of retail services with strong national tenant participation and make for a very competitive shopping experience. The investment risks in these developments are perceived to be low. The design is usually an enclosed mall and the inclusion of a large supermarket (sometimes more than one) and a number of large department stores is utilised to create strategic well-spaced anchors. The areas between the anchors are lined with smaller specialised traders. Entertainment facilities, such as cinemas, also feature strongly in the tenant mix. Accessibility from a wide catchment area is critical and hence these centres need to be located close to intersections of major freeways, national roads and/or major urban arterials.

*Table 3: Regional shopping centre*

| The regional shopping centre | |
|---|---|
| Typical GLA | 40 000m² |
| Usual range of GLA | 30 000m² upwards |
| Total site area | 6 hectare upwards |
| Catchment population | Over 150 000 |
| Distance | 6 minute drive |
| Parking | 6.1 spaces /100 m² (GLA) |

## *Extended classification*

An extension of the traditional classification has been necessary in order to classify new types of centres. It should be noted that the theoretical classification of centre types is not necessarily the same as the criteria or classifications used by town planning approval authorities. It is in particular the work of Dawson (1983) that has influenced and acknowledged an extension of the extended classification. Whilst the

extended typology is not as old or ingrained as the traditional three-tier system, it is considered as a further dimension to the traditional classification.

Dawson's (1983:26) extension of the traditional classification includes six main types and 15 sub-types. The following table highlights the classification and the typical leasable areas associated with each.

*Table 4: Main and sub-type classifications*

| Main Type | Sub-type | Typical size (m²) |
|---|---|---|
| General purpose free-standing centres | Strip | 1 500 |
| | Neighbourhood | 500 |
| | Community | 20 000 |
| | Regional | 50 000 |
| | Super-regional | 100 000 |
| General purpose centres in shopping districts | Infill | 2 500 |
| | Extension | 15 000 |
| | Core replacement | 40 000 |
| Multi-use centres | New town centres | 40 000 |
| | Downtown mega structures | 40 000 |
| Ancillary centres | Hotel associated | 3 000 |
| | Office associated | 3 000 |
| | Transport associated | 3 000 |
| Specialty centres | Purpose-built | 6 000 |
| | In recycled buildings | 6 000 |
| Focus centres | | 10 000 |

*Source: Dawson (1983: 26-27)*

Despite the classification hierarchy above, the most influential classification for town planning and shopping centre development in South Africa has been the five-tier hierarchy proposed by Berry and the Urban Land Institute (Kahn, 1993). This classification hierarchy divides shopping centres in the following categories:

- Local convenience centres (500 – 2 000 m²)
- Neighbourhood centres (200 – 10 000 m²)
- Community centres (10 000 – 30 000 m²)
- Regional centres (30 000 m² +)
- Central business district

According to Prinsloo (2010) this retail classification remains the most suitable to describe the current retail landscape and is especially appropriate to explain the hierarchy of shopping centres.
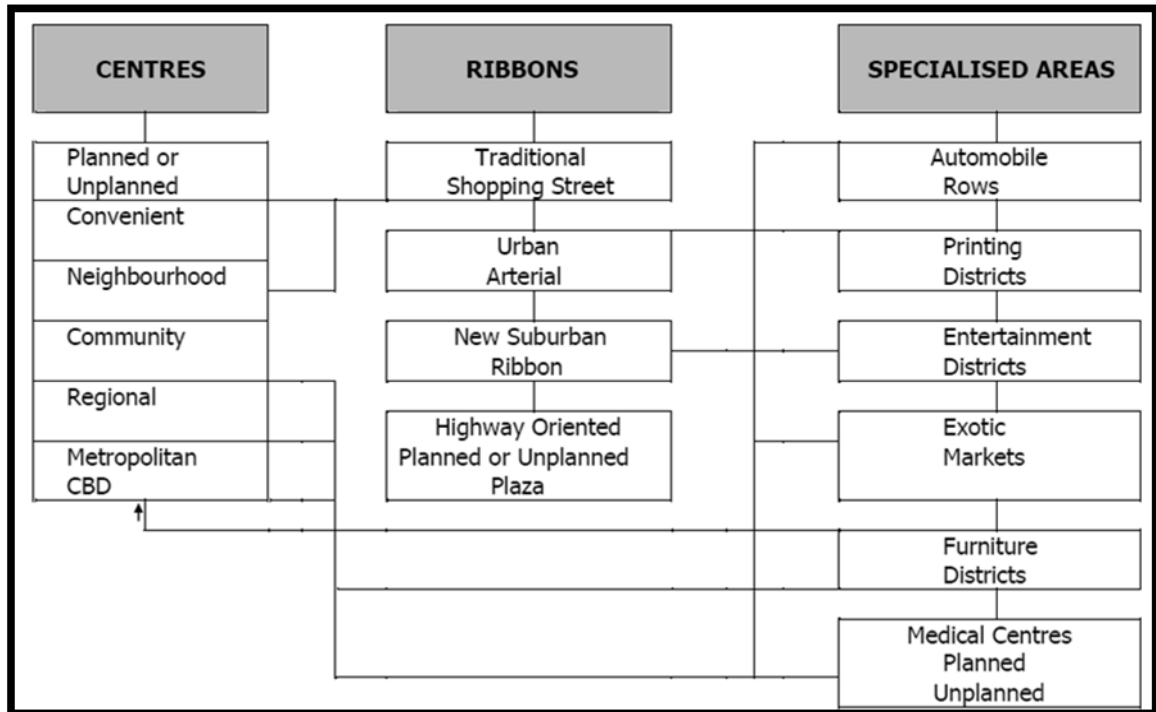
*Figure 8: Metropolitan Retail Structure after Berry*
*Source: Berry (1963)*

Prinsloo (2010) stated that these categories are not mutually exclusive, with many retail being found in more than one category. This early model also provided a basis for a more modern classification. Inner city retailing has been dominated historically by the unplanned shopping area. This includes the CBD, speciality product areas and retail clusters at major route intersections. Planned inner-city shopping areas are a more recent development trend. The classification of planned suburban shopping centres is essentially hierarchical, ranging from the neighbourhood shopping centre to the regional and super-regional centre. The characteristics of each reflect a different number of stores, store types, total area, selling area, number of parking bays, customer profile and foot traffic volume, rental levels and trading areas.

A proposed extension of this classification by Ghyoot (1992) has been the introduction of large local centres (2 000 – 10 000m²) and super-regional centres (75 000m² +).

Super-regional centres (wider variety of retail, entertainment and other services) are also included in the hierarchy of suburban centres by the International Council for Shopping Centres (White and Gray, 1996:55) and the South African Council of Shopping Centres (SAPOA, 1999).

Freestanding centre types, as pointed out by Ghyoot (1992:49) are also applicable to business districts. The business district is thus an agglomeration of commercial properties each managed on its own. It originates from a historic pattern in central town areas with the eventual spread to suburban areas. It is most distinguishable in the older parts of towns or metropolitan areas. In some cases a nodal form exists, but most typically distinguishable ribbon development can be seen. Differentiating between the business district and the planned shopping centre is an important, as more competitive freedom is associated with business districts than with shopping centres. It should be stressed that management and control of competition is an integral part of the modern shopping centre concept (Dawson and Lord, 1985:2).

### 3.3.1.2.    *Contemporary centre types*

The contemporary view of shopping centre classification states that changes in the system are related to new shopping centre types and the redefining of the size parameters and functions of traditional centres, which is not as clear cut as in the past. Kahn (2001) holds the view that the neighbourhood centre has increased in size from approximately 6 000m² in the 1960's to approximately 12 000m² in the 1990's, and that community centres increased from 15 000m² to 35 000m². White and Gray (1996:213-214) is of the opinion that the role of traditional regional centres in the USA has, due to the emergence of power centres, changed to that of community centres, which can be as large as   100 000m². Changes to the traditional descriptive names of shopping centres have also been proposed by the Building Owners and Managers Association of Austria (BOMA). A revised classification of shopping centres for planning purposes was accepted in 1995 (SAPOA News, 1995:37). The classification identifies six core types and three speciality types, namely:

- Core Types
  - A1.   Central business district
  - A2.   Super regional centres (85 000m²+)
  - A3.   Large regional centres (50 000 – 85 000m²)
  - A4.   Regional centres (30 000 – 50 000m²)
  - A5.   Sub-regional centres (10 000 – 30 000m²)
  - A6.   Neighbourhood centres (smaller than 10 000m²)

- Specialty classification types

B1. Display / Warehouse centres (Larger than 5 000m². Large warehouse-type shops located near regional centres or in unconventional locations such as industrial areas).

B2. Theme centres (No specific size, usually situated in tourist areas, does not include supermarkets and consist mainly of specialist tenants and food courts).

B3. Markets (enclosed buildings, larger than 5 000m², dominated by food stalls, can operate on a permanent, temporary or periodic basis).

In addition to the suggested changes to traditional centres, a number of new centre types have been identified. The description of these types is arbitrary and uniformity in terms of size and naming is absent due to cultural influences. Contemporary centres are also sometimes grouped under the classification of specialty centres, as indicated by the BOMA classification. The following table describes the functioning of the new shopping centre types in South Africa.

*Table 5: Functioning of new centre types in South Africa*

| Centre types | Alternative names | Function |
|---|---|---|
| Value centres | Power, Bargain, Outlet, Off-price | Cost effective large shops for discount traders and factory outlets. Strong value for money image. Limited number of conventional retailers. |
| Waterfronts | Festive | Leisure centres in specialised locations with a water component (natural or man-made). |
| Theme | (usage is inconsistent) | Specialised centre where the tenant mix and architectural features are manipulated to create a unique setting. |
| Motor cities | Auto malls | Clustering of auto related traders that require large floor space. |
| Home improvement | DIY/Furniture Malls, Big Box's, Decor | Clustering of a specific range of specialty traders requiring large floor space and a setting conductive for comparative shopping for durable domestic goods. Supermarkets and clothing stores are excluded. |
| Entertainment | Amusement, Theme Park, Casino's | Focuses on tourists and leisure activities, very strong architectural theme, limited retail. |

*Architectural reference to a centre with a distinct historic building style.*

The contemporary structure of shopping centres exhibits the following features (Kahn, 2001):

- Greater variety of shopping centre types;
- Centres of similar size but different tenant mix and orientation can co-exist;
- Renewal of centres is imperative to improve service and orientation to changing trade area demographics;
- Increased mobility (more than one vehicle per household in affluent areas) has enhanced multiple shopping trips for different purposes;
- The different types are complimentary to each other, not competitive;
- Increase in centre sizes to incorporate greater variety of products and services;
- Increase in non-retail services such as restaurants and entertainment.

A conceptual planning model must recognise socio-economic variations in the market place which is critical when assessing buying power and market penetration potential.

### 3.3.1.3. *Future trends*

The changing world has had an impact on how retail formats are analysed, in particular the need for early detection of new trends (pro-active development). Crystal ball gazing in shopping centre development is a late 1990's phenomena and an appropriate methodology (assuming it is a possibility) is currently in its infancy. It is linked to a deeper understanding of the psyche of the consumer, but perhaps even more on a fundamental soul searching analysis of all that is humanity on a global scale (Benjamin 1966: 111).

One such phenomenon, described as "Lifestyle centres", has been identified as a possible future type. White and Gray (1996:214), defines it as "a type of centre or store where consumers can purchase items that define who they are, how they live and what they believe in". While the definition and examples of an authentic lifestyle shopping centre and its place within the commercial market is still unclear, some commercial formats are already utilising the lifestyle branding. The 'Lifestyle centre' concept is therefore in danger of becoming a marketing fad and may negate the potential to set a clearly defined new trend.

Another possible trend, derived from the lifestyle concept, for which an official term or definition has not yet been established and will be referred to as "Soul centres", is appearing, at least in concept, more and more in recent literature and discussions on future trends. Benjamin (1996: 110-112) links the "soul concept" to that of a new mindset described as "deep-ecology", "a growing tendency to locate the sources of intrinsic values (including one's sense of moral and religious authority) in the realm of Nature, of 'the Ecology', 'the Environment', 'the Planet' – even perhaps of 'the Cosmos'…" .

The essence of a "Soul centre" is to create a shopping environment that not only projects a certain lifestyle, or create a 'feel good' shopping environment, but has the ability to change the mindset and even fundamental values of the consumer. The centre, therefore, has to make a strong, biased statement in terms of its social responsibilities and economic linkages. These centres would probably include strong educational and entertainment features, both visual and in terms of tenant selection. The centre and its tenants should project the fundamental values of honesty, transparency and integrity and must be committed to reaching the consumer at a personal level that is not associated with self-service shops. The kind of products associated with this new phenomenon should include unique and hand made goods, embracing the passion and soul of its manufacturer. Social and economic responsibility (Benjamin, 1996:110) also needs to be reflected in the price of the goods, where the consumers will be given the assurance that the manufacturer of the product has been paid a fair price and that no environmental destruction has resulted from its manufacture, as is the case with most shops under the Oxfam umbrella (Coote, 1992).

### 3.3.2. Conceptual planning models

A comprehensive planning model will recognise the hierarchy of centres as well as income variations. Davies (1976:132) developed a six-stage development model, starting with the ideal theoretical model where a classic four-tier system is in equilibrium and variations, due to location and trade area characteristics, distort the theoretical model. An empirical model, therefore, should indicate variations related to different income groupings. It is however, the model developed by Kahn (1983:271) that is of particular significance. Kahn maintains that the model is conceptual and that

he has not updated it *per se,* but has described new types, similar to those discussed under traditional and contemporary centre types.
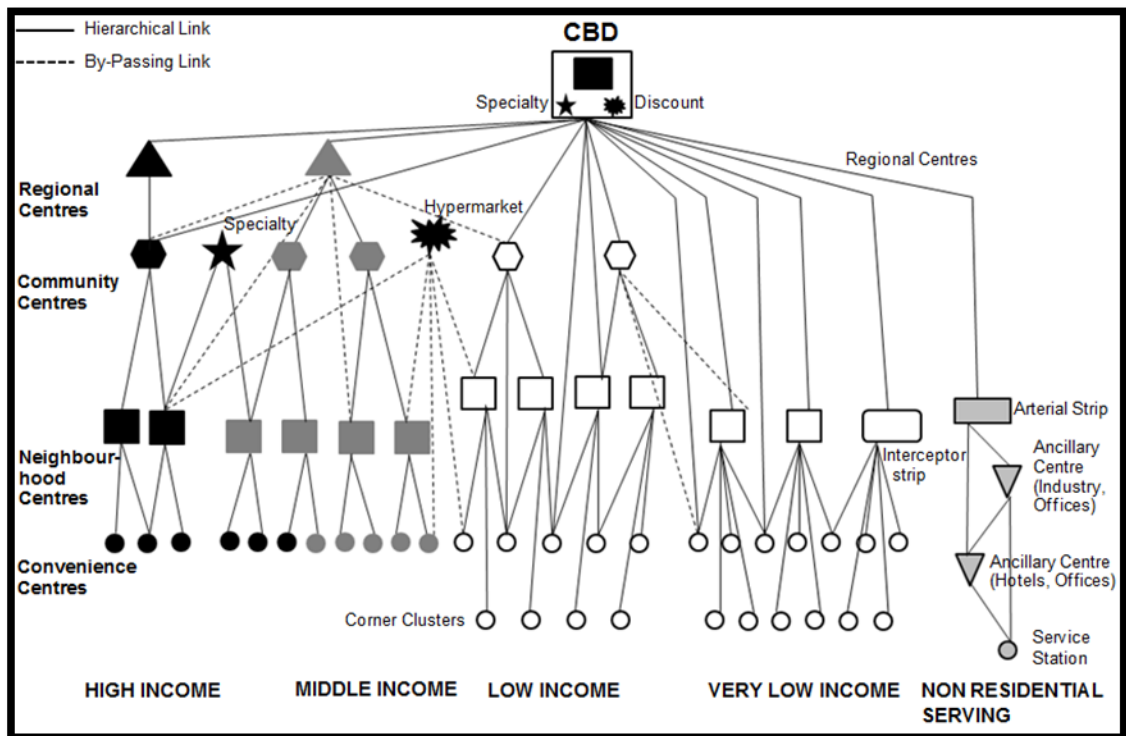


*Figure 9: Kahn's conceptual planning model*
*Source: Kahn (1983:271)*

The conceptual model as illustrated above includes high, middle, low and very low income areas. The model does not define the income parameters for the different income groups, and Kahn (1983:271) also does not believe that the conceptual high income group actually exists in most of the areas. The characteristics of the retail system are as follows:

High income sector is defined by fewer shopping centres at all levels with high levels of mobility that decrease the need for convenience (local) centres but neighbourhood and community centres tend to be larger than average; and centres tend to be at the geographical centre of the trade area.

Middle income sector reflects the average arrangement of the theoretical model dominated by private vehicle ownership where regional centres play an important function; and trade area overlapping and multi-purpose shopping trip behaviour attract some shoppers from both high and low income areas.

Low income sector has limited personal mobility and income will reduce viability threshold levels therefore proliferation of lower order centre types because a sufficient threshold level for a regional centre is unlikely. The CBD is the most likely place on main public transportation route; and pear-shaped catchment areas if located near township entrance.

Very low income sector is the most limited hierarchy of shopping centres due to very low mobility and spending power there is strong and direct links with the CBD and an increase in corner shops, spaza shops and low level convenience centres/clusters. A limited number of neighbourhood centres occur, and if these centres do occur they are larger than normal as some higher order functions are incorporated.

The conceptual model is, however, seen as a dynamic model which will incorporate changes over time. In particular, as the income levels rise a fuller development of the hierarchy can be expected in low income areas, whilst specialist type centres will be added to the higher income sector.

### 3.3.3. Hierarchy of South African shopping centres

Prinsloo (2010) adjusted the model of Kahn and Prinsloo as most of the international models were inadequate to address South Africa's entire retail structure and unique circumstances. Prinsloo (2010) included the following additional aspects in his model:

- The difference in disposable income amongst different socio-economic groups is reflected in the use of the LSM classification. This segmentation model is also used by most retailers to differentiate their products and markets;
- The level of transport mobility of the consumer in South Africa has a major impact on how different shopping centres are being supported. The emphasis is on car ownership which is increasing in most of the middle and upper income categories. Taxi transport is also very important with a direct influence on the development of retail facilities; and
- Different threshold values for different product categories have a direct impact on the entire hierarchy of shopping centres. The threshold values clearly indicate how many households of a specific LSM group are required to warrant retail of any kind.

Prinsloo (2010) took into account that, in large towns and smaller cities, the hierarchy include fewer levels and in rural areas the hierarchy consist of only one or two levels. Prinsloo made use of Kahn's Conceptual Model as discussed in the section above.

It should be noted that the type, size and location of shopping facilities in any settlement are a function of the size and type of the settlement. Consequently, a full hierarchy of facilities are only found in large metropolitan areas, whereas a more limited hierarchy occurs in smaller settlements.
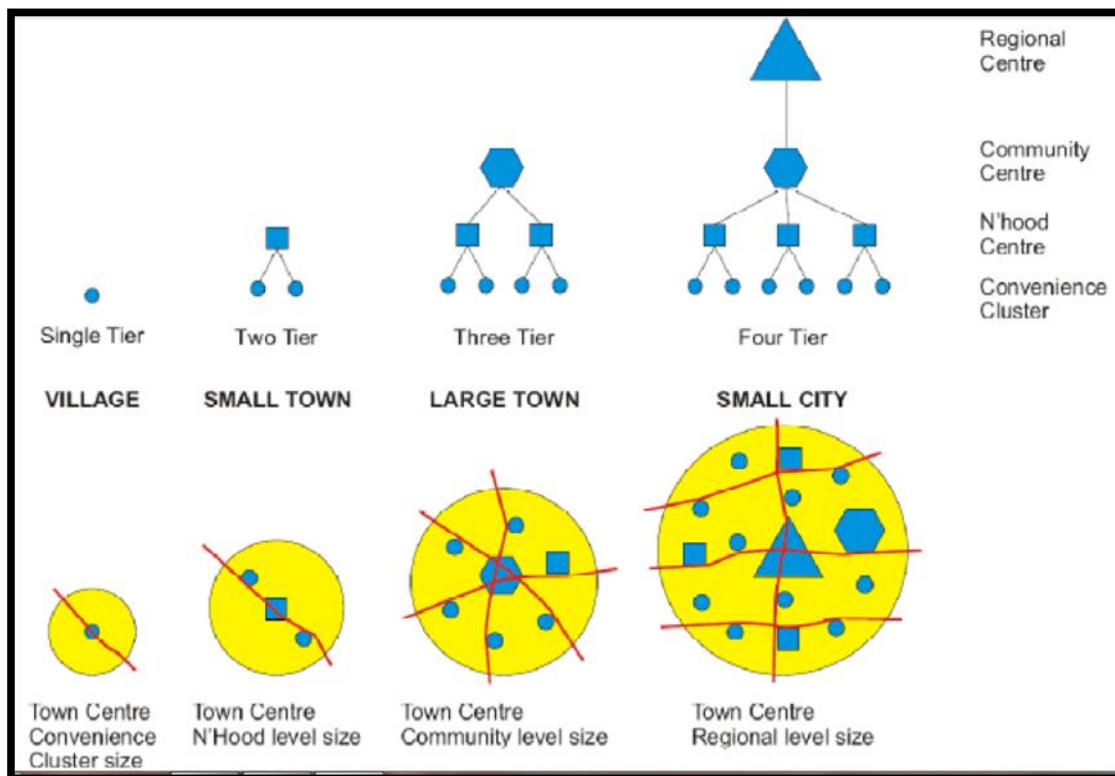


*Figure 10: Retail Facilities on Different Levels*
*Source: Prinsloo (2010)*

### 3.3.3.1. Prinsloo's model

The following is a detailed description of all the different retail types forming part of a metropolitan retail structure. This includes everything from the smallest filling station to a super-regional mall. The information provided for each retail type will include the following:

- Role and function;
- Broad indication of the size of a typical centre measured in GLA;
- Location criteria;
- Market characteristics and threshold values;
- Tenant mix;
- Trends and changes; and
- Actions to create retail development.

#### *Small free standing and convenience centres*

Prinsloo (2010) stated that the role of these centres is mainly focussed on express convenience. This retail facility aims at satisfying the local needs of the residents within one or two adjoining suburbs. Such a facility could be a single building or a number of buildings located in close proximity of each other to provide a single destination. These centres could consist of one tenant or a number of very small tenants.

*Table 6: Size (GLA)*

| Size of centre (m²) (GLA) | Number of stores | Size of land (ha) |
|---|---|---|
| 500 – 5 000 | 5 – 25 | 0.15 - 1.5 |

*Source: Prinsloo (2010)*

*Table 7: Location*

| Average radius of primary trade area | Median travel time to the centre | Access requirements |
|---|---|---|
| 1 - 1.5km | 2 - 3min | Suburban street or minor collector road |

*Source: Prinsloo (2010)*

*Table 8: Market characteristics and threshold values*

| LSM groups | Number of households | Population |
|---|---|---|
| LSM 1-5 | <10 000 | <40 000 |
| LSM 6-9 | <4 500 | <15 000 |
| LSM 10-10+ | <2 000 | <7 000 |

*Source: Prinsloo (2010)*

*Neighbourhood centres*

Prinsloo (2010) stated that the role of these centres is to fulfil a convenience and express convenience role. This retail facility aims at the suburban level with a larger impact than the local convenience centre. These centres usually service the surrounding neighbourhood within a 2km range but can also play an intercepting role for passing traffic.

*Table 9: Size (GLA)*

| Size of centre (m²) (GLA) | Number of stores | Size of land (ha) |
|---|---|---|
| 5 000 - 12 000 | 25 - 50 | 1.5 - 3.6 |

*Source: Prinsloo (2010)*

*Table 10: Location*

| Average radius of primary trade area | Median travel time to the centre | Access requirements |
|---|---|---|
| 1.5 - 2km | 4 - 9min | Major collector road |

*Source: Prinsloo (2010)*

*Table 11: Market characteristics and threshold values*

| LSM groups | Number of households* | | | Population (25% market share) | Retail space in m² per capita |
|---|---|---|---|---|---|
| | 35% | 25% | 15% | | |
| LSM 1-5 | 20 258 | 28 333 | 47 246 | 127 499 | **0.1** |
| LSM 6-9 | 9 004 | 12 593 | 20 998 | 50 372 | **0.2** |
| LSM 10-10+ | 3 683 | 5 152 | 8 590 | 18 032 | **0.54** |

*Source: Prinsloo (2010)*
*\* Particular centres cannot attract 100% of the disposable income available in an area. Different scenarios ranging from 15% to 35% were included. All these must be seen as broad parameters that will vary from area to area. Example: The required minimum households for the development of a neighbourhood centre in a higher LSM neighbourhood the minimum households required should the centre attract 25% of all the spend on retail products are ± 5 000 households.*

*Community Centres*

Prinsloo (2010) stated that the role of these centres is to satisfy the need for shopping facilities between that of a neighbourhood and a regional centre. Community centres offer a wider tenant mix than a neighbourhood centre. These centres however are not large enough to offer a full range of comparative tenants. These centres are sometimes difficult to develop as they are often in between small and large centres.

*Table 12: Size (GLA)*

| Size of Centre (m²) (GLA) | Number of Stores | Size of land (ha) |
|---|---|---|
| 12 000 - 25 000 | 50 -100 | 3.6 - 7.5 |

*Source: Prinsloo (2010)*

*Table 13: Location*

| Average radius of primary trade area | Median travel time to the centre | Access Requirements |
|---|---|---|
| 2.5 -3km | 6 - 14min | Major arterial road |

*Source: Prinsloo (2010)*

*Table 14: Market characteristics and threshold values*

| LSM groups | Number of households | | | Population (25% market share) | Retail Space in m² per capita |
|---|---|---|---|---|---|
| | 35% | 25% | 15% | | |
| LSM 1-5 | 44 092 | 61 667 | 102 829 | 277 502 | **0.1** |
| LSM 6-9 | 19 596 | 27 407 | 45 702 | 109 628 | **0.2** |
| LSM 10-10+ | 8 017 | 11 212 | 18 696 | 39 242 | **0.54** |

*Source: Prinsloo (2010)*

## Small Regional Centres / Large Community Centres

Prinsloo (2010) stated that the role of these centres is mainly to satisfy the needs of the broader community and to offer a better tenant mix than community centres. Community centres offer a wider tenant mix than a neighbourhood centre. This retail facility offers a wide variety of stores and is bigger, at a better location and has a wider tenant mix than a community centre. These centres are however not yet in the category of regional centres. Such a centre could be a large community centre according to the definition, but due to its role and function in the area, it could be regarded as a small regional centre. These centres can also fulfil a regional role in more rural areas.

*Table 15: Size (GLA)*

| Size of Centre (m²) (GLA) | Number of Stores | Size of land (ha) |
|---|---|---|
| 25 000 - 50 000 | 75 - 150 | 7.5 - 15 |

*Source: Prinsloo (2010)*

*Table 16: Location*

| Average radius of primary trade area | Median travel time to the centre | Access Requirements |
|---|---|---|
| 3 - 5km | 10 - 16min | Major suburban arterial road linking to a highway |

*Source: Prinsloo (2010)*

*Table 17: Market characteristics and threshold values*

| LSM groups | Number of households | | | Population (25% market share) | Retail Space in m² per capita |
|---|---|---|---|---|---|
| | 35% | 25% | 15% | | |
| LSM 1-5 | 89 375 | 125 000 | 208 438 | 562 500 | **0.1** |
| LSM 6-9 | 39 722 | 55 556 | 92 639 | 222 224 | **0.2** |
| LSM 10-10+ | 16 250 | 22 727 | 37 898 | 79 545 | **0.54** |

*Source: Prinsloo (2010)*

*Regional Centres*

Prinsloo (2010) stated that the role of these centres is mainly to satisfy the needs of a large primary and secondary catchment area. This is a large retail facility offering a wide variety of stores, sufficient parking facilities and a significant entertainment component.

*Table 18: Size (GLA)*

| Size of Centre (m²) (GLA) | Number of Stores | Size of land (ha) |
|---|---|---|
| 50 000 - 100 000 | 150 -250 | 15+ |

*Source: Prinsloo (2010)*

*Table 19: Location*

| Average radius of primary trade area | Median travel time to the centre | Access Requirements |
|---|---|---|
| 5 - 8km | 14 - 20min | Major arterial road usually a provincial road linking to a national road |

*Source: Prinsloo (2010)*

*Table 20: Market characteristics and threshold values*

| LSM groups | Number of households | | | Population (25% market share) | Retail Space in m² per capita |
|---|---|---|---|---|---|
| | 35% | 25% | 15% | | |
| LSM 1-5 | 180 000 | 250 000 | 417 000 | 1 125 000 | **0.1** |
| LSM 6-9 | 80 000 | 111 000 | 185 000 | 450 000 | **0.2** |
| LSM 10-10+ | 33 000 | 45 000 | 76 000 | 160 000 | **0.54** |

*Source: Prinsloo (2010)*

*Super Regional Centres*

Prinsloo (2010) stated that the role of these centres is to provide retail facilities for the entire metropolitan area, a large region, as well as national and international tourists. This is a very large retail facility offering the widest possible variety of stores, an appealing shopping atmosphere, open and under cover parking facilities with a large entertainment component.

*Table 21: Size (GLA)*

| Size of Centre (m²) (GLA) | Number of Stores |
|---|---|
| > 100 000 | More than 150 |

*Source: Prinsloo (2010)*

*Table 22: Location*

| Average radius of primary trade area | Median travel time to the centre | Access Requirements |
|---|---|---|
| 10+km | 24 - 30min | Major arterial road usually a provincial main road linking to a national road |

*Source: Prinsloo (2010)*

*Table 23: Market characteristics and threshold values*

| LSM groups | Number of households | | | Population (25% market share) | Retail Space in m² per capita |
|---|---|---|---|---|---|
| | 35% | 25% | 15% | | |
| LSM 6-9 | 106 000 | 150 000 | 250 000 | 590 000 | **0.2** |
| LSM 10-10+ | 44 000 | 60 000 | 101 000 | 210 000 | **0.54** |

*Source: Prinsloo (2010)*

## 3.4. Ideal location for shopping centres

Dawson (1983: 57) states that the selection of a suitable site comes early in the centre development process. Potential locations are assessed in terms of their commercial viability. This assessment includes consideration of the potential market at regional and local level and involves evaluation of the land use planning and other governmental controls likely to affect the proposed sites.

Jones (1969: xix) is of the opinion that the majority of regional shopping centres is situated in suburban areas, closely located to residential areas, and sometimes on subsidiary roads with limited access to motorways.

**Location:** Site location is very important with regard to its trade area characteristics, access to the centre and household income in the area.

The site should have an economical position and it should be impractical for other similar centres to develop in the vicinity.

**Site selection:** This is a crucial factor. The following factors need to be considered:

- Access – This is an integral part of site location. The site should be easily accessible, easy to entre and safe to leave, There are influencing factors such as good visibility, high activity centres and traffic flow that needs to be taken into consideration when a shopping centre is designed.
- Size – This varies for the different types of centres. Innovative planning for development of multiple uses within a single project enables a smaller amount of

land to be used more intensively. Rising land cost may make sprawling, single-level regional centres economically unjustified (Casazza et al., 1985: 4).

- Shape – The ideal site should be regular and in one piece, undivided by highways or dedicated streets.
- Topography – the topography is an influencing factor on the design and construction of the shopping centre. Slope can be used as an advantage but there will issues such as the draining of lower lying areas. Casazza (1985:36) states that the ideal site, though hard to find, would have minimal subsoil complications and neither a solid rock nor high water table. It would also have a slope of less than 5%. If used for surface parking, a steeper slope must be cut and filled and may need sedimentation and detention or retention ponds to control surface water runoff.
- Drainage
- Minimum subsoil complications
- Utilities – A location close to and easily accessible with regard to water, sewerage and electricity will keep the development costs low.
- Surrounding land uses – The developer must first explore the local temper, surrounding residential areas and he must be prepared to prevent pollution (visual, noise and traffic).
- Zoning – In rezoning an area from residential to commercial use, authorities should recognise that the total cost of providing public services such as police and fire protection, schools, streets and utilities is much less for commercial facilities than for residential development. (Casazza et al., 1985: 37)
- Environmental impact

Early in the shopping centre development process a suitable site will become evident. Commercial viability is one of the factors used to assess the potential sites. This assessment also includes the consideration of the potential market on a local as well as on a regional level. This assessment also involves the evaluation of the land use planning and other governmental controls that are likely to affect proposed sites. Different factors of location exist, depending on the scale being considered:

1. Inter-regional patterns of location are determined by three factors:
   a. National patterns of regional economic growth;
   b. Government, particularly through policies of new settlement planning; and

c. Regional differentials in site and construction costs.

2. Within regions, on inter-urban level, patterns of centre location are related to:

   a. City size and, for some shopping centre types, to a hierarchical diffusion process; and

   b. To the effects of local entrepreneurial activity.

3. Within a city or town on intra-urban level, the shopping centres' pattern location is influenced by:

   a. Land use planning policy and philosophy;

   b. The general suburbanisation process; and

   c. The economics of the market area.

*Source: Dawson, (1983: 57)*
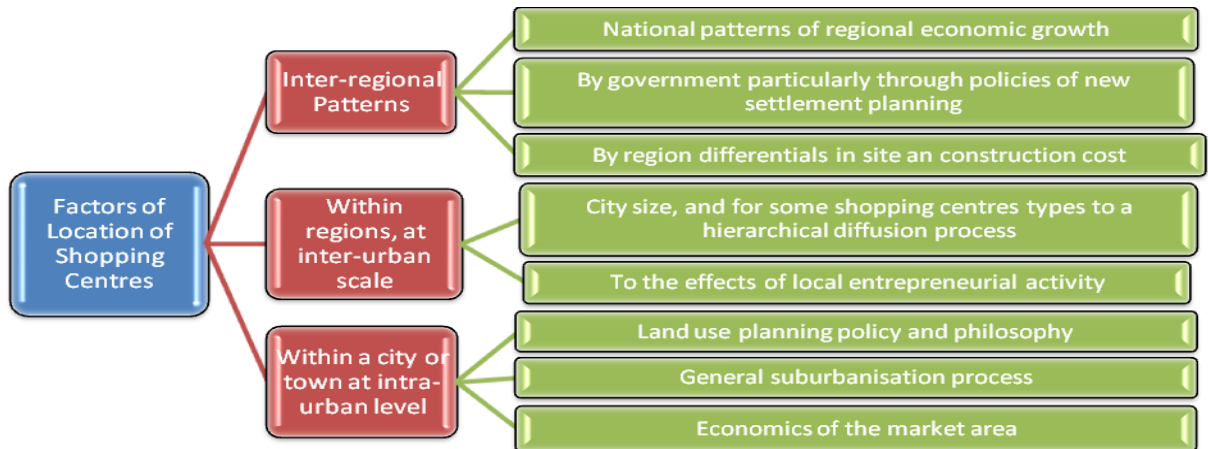


*Figure 11: Factors of Location of Shopping Centres*
*Source: Own creation (2012)*

### 3.4.1. Parking

According to Casazza et al. (1985), the first contact a customer has with a shopping centre is finding a parking spot. The experience should therefore be pleasant.  The parking area should provide an attractive and convenient market place to support the centres prime role (Casazza et al., 1985: 63).

Parking is essential to the commercial uses within the centre.  Parking takes up more space than any other physical component of the centre and should therefore be carefully planned.

Major elements of the site planning process for parking are:

- Parking area;

- Driveway layout;

- Access aisles;

- Individual stall dimensions and arrangements;

- Pedestrian movements from the area to the centre; and

- Grading, paving, landscaping, and lighting of the parking surface (Casazza et al., 1985: 63).

Long-term parking for employees and short-term parking must always be provided, whatever the local situation. Separate areas should be available for both types of parking with different charging systems and the most convenient spaces should be allocated for the shoppers (Simpson, 1972: 80).

The surrounding road system, local parking policies, other developments in the area, site topography, land costs, availability etc. will influence the location of parking in shopping centres (Simpson, 1972: 80).

When parking is off-street, it can be surface level or multi-storey, isolated or incorporated in the general developments. If land is available and land costs are low, then surface parking is an economical option. However, multi-storey parking is more economical when land is expensive. Underground parking is expensive due to excavation, construction and ventilation costs, and mechanical parking garages are inconvenient due to low entry and exit rates and high costs (Simpson, 1972: 81).

To ensure that parking facilities are used to its capacity during peak times, some means of control are necessary. This is to ensure that vehicles can enter or leave without delays and facilities are economical. The most efficient way to achieve this is to use electrical and mechanical control systems. The categories for this are:

- Free entry / pay on exit:
  This is used for fixed or variable charges. The motorist takes a time-stamped ticket when entering and pays on exit, usually to an attendant. The cash transaction often causes a delay.

- Free entry / pay before exit
  The motorist pays before collecting his car, either at an attendant kiosk or automatic fee collection machine. The motorist receives his ticket after

payment and has 10 to 20 minutes to leave the car park and hand his ticket in at the exit.

- Pay on entry / free exit

  This is only used for fixed-charge parking. This is not recommended as it causes considerable delays on entry.

Some form is, however, necessary to prevent vehicles from entering the car park when it is full (Simpson, 1972: 84).

### 3.4.2. Traffic

The junctions where shopping-centre roads link with the road pattern can be designed as uncontrolled, traffic-signal controlled, roundabouts or fully grade-separated junctions. The following minimum spacing along various types of road is suggested by the Ministry of Transport (Simpson, 1972: 74):

- Primary distributor (urban motorway)        550m
- Primary distributor (all purpose)           270m
- District distributor                        210m
- Local distributor or access road           90m
- Linked traffic signals on primary distributor   400m

The various types of traffic need to be separated from each other in order for shopping centres to be as convenient and attractive as possible. Separate site entrances or site roads within the building complex should be available for delivery vehicles, public busses, employee's cars and shopper's car. This improves security and minimises traffic congestion (Simpson, 1972: 74).

The designed speed for site roads, recommended by the Ministry of Transport, should be between 30km and 50km per hour and the minimum radius for these speeds should be from 30m to 80m from the shopping centre (Simpson, 1972: 74-75).

### 3.4.3. Public Transport

New shopping centres should still make provision for public transport, although bus operators are reluctant to change their routes, and very few shoppers use rail transport except to city centres or city boundaries (Wakefield, 1972: 181).

### 3.4.4. Taxi Rank

The public transport system in rural areas is characterised by an unreliable frequency of trips, a lack of services to certain areas, an absence of proper taxi loading and offloading facilities and high fares. A shopping centre must provide for an area to be developed as a Taxi rank. This facility will contribute towards the establishment of more reliable taxi routes not only between shopping centres, but also between the urban and rural areas. A petrol filling station could also be considered within or in close proximity to the rural service centre.



*Figure 12: Successful Taxi Rank*
*Source: Own Creation (2011)*

### 3.5.    Advantages and disadvantages

Rosemary et al (1993: 172) states that the retail revolution has brought material advantage to most of the population through greater choice and comfort and lower prices. These benefits are greatest in superstores, but such outlets have a highly uneven distribution. As a result of strong disparities in income and mobility, there is a market inequality in consumer opportunities and the existence of 'disadvantaged customers' is now recognised as a major social issue.

Davies and Champion (1980) identified a small minority of 'neglected' consumers, seen as those suffering extreme disadvantages. This group included handicapped people, the elderly with severe mobility problems, families with large numbers of children and families with bedridden relatives.

Criticisms of shopping centres are that they are generally expensive. The high standards of the shopping centre, such as finishing, environmental control, cleaning, servicing and management result in high rent and service charges. This is only acceptable if the volume of trade results in increased possibility (Wakefield, 1972: 184).

The wider problems of shopping centres are summarised as follows:

1. There is a decline in the principal store tenants;
2. Many shopping centres were not designed to provide the space and visibility required by the new generation of large speciality stores;
3. Shopping centres create expensive operating environments;
4. Many shopping centres have become boring, stereotyped and inconvenient; and
5. As regional shopping centres invade the shopping centres catchment area, only the best shopping centres can continue to prosper. (Rogers (1987) and Turchiano (1990) in McGoldrick and Thompson, 1992: 14)

## 3.6. Commercial development

### 3.6.1. Issues

The first issue is that shopping centre owners/developers are, in the vast majority of circumstances, committed to a financial return over a long period. Unlike some other forms of development, the shopping centre developers' involvement does not end upon the completion and sale of the building. Given this long term commitment there is greater interest in ensuring profitability on an ongoing basis. This interest, in the current environment, encourages high quality design. The other factor is financial viability. Shopping centres are affected by changes in the market. An example of these changes is new competition. Competition is an integral part of the retail environment and the risk from competition is acknowledged in feasibility analysis. However, changes to the retail hierarchy brought about by poor planning decisions are a risk that cannot be predicted. Given the significant amounts of capital required to develop and redevelop a

shopping centre, the developer needs to be confident that there is no threat to achieving an appropriate return on their investment. In the present environment, there is a certain level of comfort. However, the failure of local and State government to protect established shopping centres in existing commercial area from out-of-centre retailers is a great cause for concern. The spectre of such threats means a reduced likelihood of older centres being rejuvenated and less chance of high quality urban design outcomes being achieved (Ingham Planning, 2002:6).

### 3.6.2. Factors conducive for commercial development

A distinction must be made between modern shops and shopping goods and the modern shopping centre. Redevelopment of existing structures is possible in order to absorb new retailing forms and as such infill centres are possible in the traditional shopping street or district. However, limited vehicular access and parking also limits these opportunities. Such centres would serve mainly pedestrian customers. Changes in wealth and spending power, exposure to first world goods and vehicular ownership in particular create obvious opportunities for shopping centre development which has to follow socio-economic groups to the suburban areas.

Out of a more modern point of view, knowledge and experience of westernised retailing means easy expansion and introduction of new concepts such as specialist-type centres. The pro-development attitude of governments coupled with high literacy rates and good communication infrastructure eliminates psychological barriers.

To achieve the desired planning goals, a set of planning legislation has been introduced, backed by well-trained administrators and inspectors to oversee compliance. To encourage private sector participation, authorities create flexible policies. To enable Government to be pro-active and speed up delivery, a compulsory land acquisition is in place. Private sector participation is invited on a tender basis. Sales and development incentives could be incorporated to facilitate the development process.

### 3.6.3. Impediments (obstacles) for shopping centre development

Shopping centre developers may get caught-up in a "pro-development wave" and have unrealistic expectations from contributions from investors and referential rates or government incentives to promote development. Viability studies may be based on

unrealistically high economic growth rate projection whilst the actual growth in production, manufacturing and disposable incomes may not be achieved in the long run (shopping centres are essentially a long term fixed investment).

If interest rates suddenly increase, it may impact severely on new shopping centre developments as the rental income stream may not be sufficient to cover bond payments. Commercial property rental levels change slowly over time. The sharp rise of interest rates in South Africa during the Asian market crises, for example, caused the rental income stream may not be sufficient to cover bond payments, causing the delay and even shelving of projects.

Blueprint structure plans have a tendency to be very rigid and development opportunities outside its guidelines could be missed. The absorption of new retail types could therefore be very slow. In cases where governments are major land owners and the tender system is preferred, lengthy negotiations and procedures, high cost as well as the uncertainties that come with participating in tenders often discourage developers from participating in the process.

Oversupply of retail space, due to the enormous capital wealth of individuals in the transforming markets, is a distinct possibility. Shopping centres could be developed as show pieces or trophies emulating the owner's wealth. The need and desire to transform could over-ride the actual market potential or demand for facilities. Development is therefore often driven by political goals instead of market conditions.

### 3.6.4. Applicability to Bethlehem

Most 'progressive' shopping centre developments in metropolitan areas in South Africa and the Free State are seen in the middle and higher income areas. The development methodology has been derived from the USA and Europe. A hierarchy of suburban centres is discernible and some of the regional, super-regional and waterfront developments can be compared with the best in the world.

The most important factor that will drive developments of a progressive-nature in the emerging markets of Bethlehem, will be economic development aimed at diminishing the gap between high and low income groups. Economic development strategies that will create mass employment in order to reduce unemployment levels would be a priority. In this respect, shopping centre development is a follower and not a leader.

The commercial development of Bethlehem will not be able to accommodate three new shopping centres but will develop according to the demand. The prosperity of commercial development, for example, will not be achieved by building a series of modern shopping centres; it can only be achieved by improved production and employment capabilities in the economy.

Transforming a marketplace requires commitment, tenacity and decisive political and economic action. There must be a sound reason, with clear long term benefits, for embarking on a transformation project.

## 3.7. Conclusion

In conclusion, it is clear that the development process of a shopping centre incorporates factors and elements that are not always clearly visible at the start of the process. There should therefore be adhered to careful planning of design elements. If these factors are incorporated in the planning and design of a centre it will be less likely for the development to fail.

As this study will focus on a small town region as the study area, the following chapter will discuss shopping centres in relation to small towns and secondary cities.

## 4.1. Introduction

Small towns have often been focus in research on local economic development in South Africa over the past decade (Rogerson, 2006). With a large proportion of the population in South Africa's small towns and rural areas classed as poor or very poor, it is not surprising that most LED writings on these areas include a focus oriented towards pro-poor interventions. In the majority of South African small towns and rural areas, the most important local development issues centre on economic decline. These issues often include severe poverty in a situation of limited capacity and limited resources (Nel 1995, 1997, 1999, 2005; Neletal, 1997, 2003; Xuza 1999).

Small towns are a largely overlooked dimension of the settlement hierarchy and space economy of South Africa (van der Merwe, 1982). Whilst it may be true that the large cities are the `powerhouses' of the economy, it should be remembered that approximately half of the national population are rural dwellers who depend on their closest small town for services, retailing requirements and sales. Internationally, there has been a growing recognition of the important role small towns can play in national, regional and social development (Baker, 1990; Dewar, 1997).
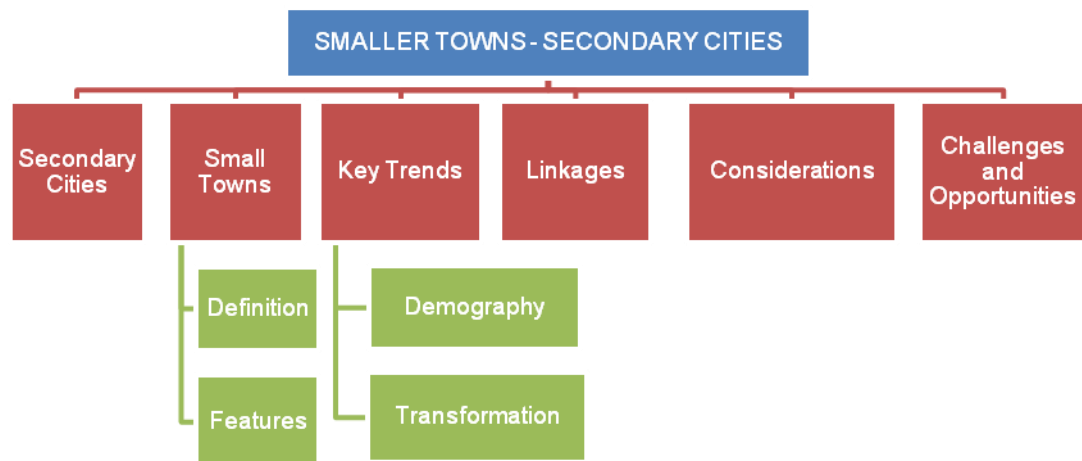


*Figure 13: Introduction diagram: Chapter 4*

### 4.2. Secondary cities

Secondary cities in developing countries can be defined as "The range of cities that constitutes the secondary level in urban hierarchy varies among countries, depending on their patterns of urban settlement, levels of development and economic structures." The physical characteristics of a city, such as the population, size, labour force and functions, must be used to refine demographic criteria. Bethlehem can be seen as a secondary city because it functions as a central place. The economic, social and medical facilities serve people living outside the boundaries of Bethlehem. Bethlehem serves as a channel for the flow of goods and services.

Appropriate spatial planning should be done for small towns, in order to encourage local business development, agricultural processing (such as abattoirs), and peri-urban agriculture. These towns should be developed with social services in support of those areas where growth will be experienced. It is therefore proposed that attention should be paid to education, health and social infrastructure in these service centres so that the quality of life of people staying in the town can be improved, and necessary skills can be obtained. Virtually all small towns can be identified as a service centres (Atkinson 2010: 22).

Secondary cities seem to perform important economic and social functions that can contribute to national development. Attempts to encourage the growth and manage the development of secondary cities must be based on a better understanding of these functions and the reasons why these urban places emerged as larger and more diversified economies (Rondinelli, 1983: 85).

Without doubt, the most important factor in promoting the growth of nearly all contemporary secondary cities is their capacity to perform commercial, service and trade functions. Many began to grow initially because of their central locations in the midst of rich agricultural lands, because they were selected as administrative centres or defensive positions or because they were linked to others by road, rail, or water. Their continued growth and diversification depended on their ability to foster commerce and trade (Rondinelli, 1983: 101-102)

Bethlehem is ideally located for agricultural trade and is the centre of commercial activities in the Eastern Free State. Bethlehem is ideally located between smaller towns and provides commerce and trade to these surrounding towns.

Secondary cities are geographically dispersed and have substantial rural populations in their trade areas. However, they are not totally isolated and enjoy good accessibility from the main traffic routes. Secondary cities have, on average, the highest number of retail facilities compared to all business and administration services in their respective trade areas. Domestic, auto, agricultural, education and social services are also prominent. The larger small towns also have substantial manufacturing and industrial concerns, thus pointing to the importance of industrial development in the economic well-being of a central place. Small towns are also well placed in terms of distance (geographic advantage), to serve nearby smaller towns, in particular those that are underdeveloped or where the threshold population and disposable income does not justify the establishment of a wide range of services. The variety of retail services present in small towns is sufficient to serve smaller towns in the vicinity lacking adequate services.

Although some cities were planned and their physical growth was carefully designed, the large majority of secondary cities grew from spontaneous actions by individuals reacting to favourable conditions. (Rondinelli, 1983: 106)

The commercial development of secondary cities is dependent on innovation and expansion, creating new advantages, greater economics and higher levels of agglomeration

## 4.3. Small towns

Internationally, the traditional role of small towns has been retail and service centres as well as processing points for commodities produced in their surrounds (Daniels, 1989 and Courtney and Errington, 2000). Rondinelli (1983) identifies such links between small towns and the rural hinterlands as being of vital importance in stimulating rural development. Daniels (1989) notes that small towns are particularly vulnerable to economic fluctuations due to a lack of diversity and a reliance on a small economic base which is often dependant on one or two industries. However, recent evidence suggests that the traditional function of small towns as the core service centres to the surrounding hinterland is changing. Collits (2000) uses Australia as an example to illustrate the nature of such changes, suggesting that rural cohorts are increasingly seeking services in the major regional centres, thus reducing the 'service centre' function of small towns and resulting in economic decline for local business. Broadway

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(2000) refers to similar economic trends in the USA where population decline, falling commodity prices and reduced purchasing power are having adverse effects on the economies of small towns. Collits (2000) notes that such events and the changing functions of small towns are creating serious economic development challenges for these areas.

In South Africa, most small towns are characterised by high levels of poverty, the out-migration of skilled people and a gradual decline in economic activity, a situation which is often compounded by the inaction of ineffective local governments (Nel and Humphrys, 1999, Nel, 2005). In contrast with many other countries, South African small towns are generally not experiencing demographic decline, but rather increasing impoverishment and what is often a growing unemployed population. While the major metropolitan areas have the greatest poverty burden, Rogerson (1999) argues that, in relative terms, poverty rates are most severe in South African small towns. Xuza (2005) identifies small town poverty and economic decline as a cause for concern, as difficulties experienced in small towns impact on the availability of readily accessible services in their hinterlands. This decline has serious implications, as elaborated on by Rondinelli (1983), arguing that small towns are potentially of vital importance in aiding the development of the surrounding rural areas. However, despite the importance of small towns, the content and focus of potential corrective interventions are poorly understood and researched (Nel, 2005, Xuza 2005, Hinderink and Titus, 2002).

Evidence of the lack of focus on small towns and the role they play in development is illustrated by the current South African Urban Renewal Strategy and Integrated Rural Development Strategy which focuses on metropolitan areas and rural development, neglecting the role of small towns (Xuza, 2005).

The importance of small towns should not be understated as a large percentage of national populations reside in such centres (Hodge, 1983). Furthermore, while there has been shifting opinion on the role of small towns in stimulating development in their hinterlands, Owusu (2008) notes that, over the past decade, the importance of small towns in aiding rural development has been recognised. It has, however, become evident that a number of processes have led to the changing function of small towns and in some cases, as pointed out by Tan (1986) and Hirschl and Summers (1982), small towns have become completely reliant on government welfare as the main economic driver in the town. This is supported by Courtney and Errington (2000) and

Hinderink and Titus (2002, cited in Gibb and Nel, 2007) who note that research over the past 20 to 30 years has suggested that small towns throughout the world are experiencing socio-economic and demographic transformation.

Small towns have traditionally performed the function of a market for goods produced in, and service centre to, the surrounding hinterland as well as being a collection centre for goods produced in larger centres (Tan, 1986, Courtney and Errington, 2000). The evolving nature of these functions and the reliance of towns on a small economic base, have led to such localities becoming particularly vulnerable to external change (Daniels, 1989). Kenyon and Black (2001) add to this, suggesting that it is often those centres reliant on primary industry that are experiencing the greatest economic decline. Additionally Daniels (1989) and Tan (1986) suggest that, over time, the traditional functions of small towns have been eroded with a breakdown in the link between the small town and its hinterlands. Broadly, the result of changes to the traditional function of small towns is bringing about a loss in financial and social resources (Morton, 2003), impacting negatively on the future prospects of such areas.

## 4.4. DEFINING SMALL TOWNS

The Urban Development Strategy of the government (SOUTH AFRICA, 1995a) suggests that all places of less than 100 000 people can be regarded as towns/small cities, whilst the Centre for Development and Enterprise (CDE) (1996) suggest a figure of less than 50 000 people. Whilst the upper-end of the bracket appears contentious, the bottom-end of the bracket is probably even more so.

Definitions for small towns vary from place to place. In the case of China, Tan (1986) notes that small towns are defined as being an urban area with a population greater than 3 000 people of which more than 70% are involved in non-agricultural activities. In Australia, a small town is defined by an urban area with a population of less than 4 000 people (Kenyon and Black, 2001). In Africa, Owusu (2008) suggests that there has been contention over exactly what constitutes a small town, in some cases even within the same country. Owusu (2008) points to the example of Zimbabwe were small towns being are defined as areas with populations between 2 500 and 9 999 people, while other definitions suggests small towns are areas with a population between 2 000 and 50 000 people. Kamete (1998) clarifies the issue noting that, in Zimbabwe, small towns are best defined as areas with a population between 2 500 and 9 999, as the broader

definition creates a large amount of diversity and therefore there is difficulty when drawing comparisons. Owusu (2008) notes that in Ghana an urban centre is defined as an area with a population of over 5000 inhabitants and thus small towns are defined as areas housing between 5 000 and 49 999 people. In South Africa, as already mentioned, while the strict definition of a small town is an urban area of less than 100 000 people, they are better defined as urban areas with less than 50 000 people (Nel, 2005).

As far as types of small towns are concerned, Dewar (1994) argues that there are two main types of towns:

1) Artificial homeland settlements. The CDE (1996) regard these dense homeland settlements as the dwelling places of what are referred to as apartheid's hidden urbanites. Resettlement camps, betterment villages and peri-urban settlements would fall into this category.

2) Small towns in agricultural areas, which are found in former white rural South Africa (many are experiencing economic decline).These towns can be subdivided into the numerous smaller, declining centres and the larger centres, which are often growing and have particular comparative advantages.

To this list can be added:

3) The now largely artificial, yet formal centres in the former homelands which were constituted as formal local authorities at some point over the last century and which remain as welfare and service distribution centres. Centres include former white towns in the homelands (e.g. Butterworth, Taung, Mafikeng) which were expropriated by the state and the newer homeland cities (e.g. Garankuwa, Mdantsane, Botshabelo etc.) (Nel, 1998).

## 4.5.  KEY FEATURES OF SMALL TOWNS

The economies of small urban centres are largely based on agriculture, administration and the provision of services. In general terms production/manufacturing activities are limited in scope and scale and local enterprises tend to be under-financed and often lack access to credit. In many cases more businesses are closing than are opening, as result of agricultural restructuring and economic stagnation or recession in the towns and their hinterlands (Nel, 1998). In addition, the majority of local authorities are

bankrupt, whilst the persistence of the rates and services boycotts nullifies the potential of such authorities to make any significant intervention in the social and economic welfare of the centre. Furthermore, capacity and resource constraints characterise local administration (Nel, 1998).

Most small towns are experiencing rapid population growth (and hence their demands for urban services cannot be met). Such growth is not matched by corresponding economic growth. Employment and income generating opportunities are limited and unemployment levels of up to 85% are noted in former homeland towns. The centres are poorly serviced in terms of infrastructural provision and often lack adequate water, sanitation, health and educational facilities. Low employment and income levels are a serious constraint to local development endeavours. In many cases there are far fewer males than there are females, which results in a high incidence of female headed households and low levels of income (Nel, 1998).

## 4.6. Key economic and demographic tends

### 4.6.1. Demography:

An analysis of demographic trends in small towns reveals certain stark realities. Despite the commonly held view that rural depopulation is occurring, statistics suggest otherwise. It is only statistics for white population trends which support this notion. According to Smit (1973) white population numbers in small towns have been in a phase of absolute decline since 1931. However, an examination of the situation for all race groups reveals a different pattern. Between 1921 and 1970 the total white rural population declined by 18,8% whilst the black population increased by 140% (Nel and Hill, 1997).

Balanced against demographic growth is the fact that the economies of many of these centres are contracting. This is a reflection on negative trends in the agricultural and urban economies. In addition, it would appear that a high proportion of the demographic growth experienced by small towns is a result of displaced farm workers moving to their closest urban centre. The result is rapid population growth, a static or usually declining urban economy and resultant poverty and marginal lifestyles for the majority of the urban population. Tandy (1993) quotes increments in the black population of over 100 % in five years and notes that there was no corresponding

increase in the urban economy, whilst the local authority is simply too poor to intervene. Recently, an invasion by landless people in small towns has been identified as key issue in many centres (Krige, 1995), this emphasises the point that it is not only the cities that face these challenges. Fiscal bankruptcy amongst small town local authorities aggravates the suffering and marginalisation of the low income groups in small towns.

Causes of demographic loss in terms of the white population are largely attributable to economic factors (see below) and stem from changes in agriculture and reduced employment and business opportunities in towns. Economic restructuring is manifested in the retrenchment of farm workers who have to move to the small towns. These changes reflect on altered agricultural practices (in terms of technology, centralisation of control and landholding size), economic change and political instability (Meth, 1994). Results of these processes include rationalisation of employment and economic activity on farms, farm abandonment in marginal areas and amalgamation, leading to retrenchments and out-migration. In addition, there is a clear gender imbalance in rural areas and small towns, largely as a result of migrant labour policies. A common trend is for the youngest and most skilled and ambitious people to leave, leaving behind those with less ability and resources. In addition to the loss of the most able members of the community there is a corresponding ageing of the (white) population (Smit, 1973).

## 4.7. Poverty considerations

A range of key considerations and indicators suggest that small town poverty is a unique phenomenon, different from poverty in larger urban centres. It can also be asserted that poverty levels are far worse in small towns (Nel, 1998).

Key indicators of poverty in small towns are as follows:

1. Insufficient Income;
2. The number of households living in ;
3. Insufficient Food Consumption and Food Security;
4. Access to Basic Needs;
5. Livelihood Insecurity;
6. Social Isolation;
7. Inequality;
8. Low Levels of Literacy and Education;

9. Low levels of social cohesion;
10. Lack of basic needs;
11. Single economic sector.

According to Krige (1995), the three key challenges facing small towns are:

- Unemployment;
- Informal settlements, and
- Pressure on existing infrastructure, facilities and resources.

## 4.8. Challenges and opportunities

According to Dewar (1994) there are three key challenges in terms of small town development. These challenges are:

1. Economic Reconstruction;
2. Social Reconstruction ; and
3. Urban Reconstruction.

In order to achieve these goals it is apparent that action should not be unilateral, but that social compacts need to be in place at the local level. Issues of joint commitment and self-reliance are equally important. In order to succeed, as Dewar (1994) notes, small towns cannot undertake reconstruction entirely from self-generated finance, external support is needed.

## 4.9. The role of government in small town development

Despite having limited resources, provincial government has a role to play in small town development in terms of legislative and other support. Provincial governments need to establish dedicated, inter-ministerial teams to plan for and assist small towns. Within this context the training and employment of development facilitators who can encourage, advice and support small town development initiatives are a critical component of any strategy. Focal issues could include, helping towns develop strategic visions, assisting under-staffed and under-resourced centres, monitoring development performances and establishing a small towns fund to assist in financing development projects (Nel, 1998).

National government has a key role to play in terms of supporting a national Small Towns Institute, the establishment of a Small Town Development Fund, the

development of a Small Town Network, and enhanced support for small towns as part of broader national strategies which seek to develop tourism, small-scale agriculture and small business (Nel, 1998).

## 4.10. Conclusion

It is important to note that the scale of the development crisis in small towns is enormous and it will be impossible to assist all small centres. As a result, research into the needs of individual small towns, the potential multiplier effects of investment and the nature which it should take are all key issues not to be ignored. This view is endorsed by Krige (1995, 1) who asserts that: "work on the geography of these neglected urban centres should take high priority".

## 5.1.    Introduction

The following chapter will deal with all relevant Legislation and policies with regards to Commercial Development. It is of utmost importance to follow all the regulations restrictions in policies and legalisation. Policies are often written by organisations, but might not be actual law, whereas legislation is law. Appropriate policy and legislation is the key to enabling the formation, growth and effectiveness.
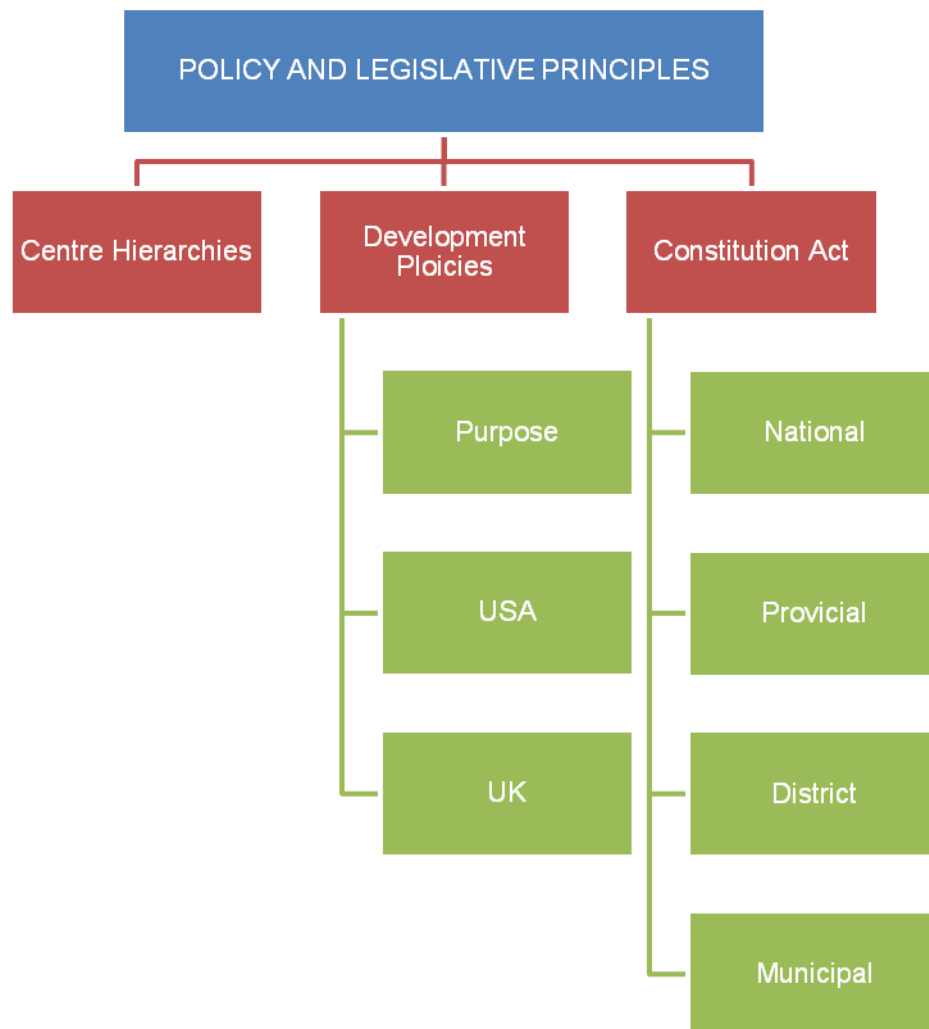


*Figure 14: Introduction diagram: Chapter 7*

## 5.2. Centre hierarchies

The principle of a system of retail central places arranged in a hierarchical order is an accepted empirical principle in retail analysis and dates back to the work of Walter Christaller (1934). The subject has been thoroughly researched and the classical theories do not need repetition. Berry and Parr (1988), Davies (1976) and Potter (1982) give a comprehensive review of the principles. It is however important to note that Christaller's work on "Central Place Theory" was based on Southern Germany and reviewed the structure of a region with towns and villages. The principles were later successfully applied in town planning where rapid urbanisation and the planning of suburbs included retail land use patterns. The retail structure of the large urban areas, however, is more complicated than a simple, clearly identifiable hierarchy of nodes. The typology of urban commercial structure by Berry (Potter, 1982:45) classifies commercial developments into three main groups, namely centres (planned or unplanned), ribbons (lining major traffic arteries) and specialized areas (product specific types), each with a subset of classifications, Dawson (1983) formulated an extensive classification for shopping centres.

Three basic principles underline the classification of central places, namely function, location and size (Davies, 1976:89). The method is to arrange the classification form smallest (low order) to largest (higher order) or *vice versa*. The lowest order in the retail distribution system is represented by the freestanding informal trader where the function is of limited quality and product range and serves a very limited need as depicted by the fruit or flower seller. The next level would the single freestanding shop, depicted by the freestanding corner shop in urban areas or the general dealer trading store in rural areas. Shopping centre development, by definition only starts at the next level of retail distribution system i.e. clustering of a number of shops. The highest order in the retail system though is essentially the central business district (CBD).

An analogy can be drawn between the regional classification of central places (towns) and suburban shopping centres. The following table gives a comparison between the highest and lowest order. This table does not necessarily contain a comprehensive classification, but merely highlights the functional relationship and perspective when observing and classifying central places and in particular the retail distribution system.

*Table 24: Functional comparison between regional and suburban central places*

| Functional Order | Central Places | Suburban Shopping Centres |
|---|---|---|
| Low | Village | Local Convenience |
| Low | Small Town | Neighbourhood |
| High | Large Town | Community |
| High | City | Regional |
| High | Metropolis | Super Regional |
| Low/High | Specialized towns e.g. tourist/resort towns | Waterfront / Theme Centres |

## 5.3.   Development policies

An advantage of a delayed start in the shopping centre industry as is the case with Bethlehem's commercial development is that lessons can be learned from the front runners and hence a more productive utilisation of resources is possible. The relationship between developers and local government is an important catalyst to make shopping centre development happen or not happen, In this regard there is no clear directive from local or district government authorities on how shopping centre development is to be initiated in smaller towns (secondary cities) – if at all. The reality of low investors' confidence in smaller towns is slowly dawning on local authorities in South Africa. A development policy that will instil investor confidence and kick-start the establishment of shopping centres has not yet been formulated. The lack of development policies in Bethlehem related to the over development of shopping centres, this will have a great impact on the commercial development.

### 5.3.1.  Purpose of planning policy

The primary goal of a planning strategy from a planner's point of view is to assist in achieving some socially optimal distribution of retail facilities (Dawson, 1983:96). This goal requires a balanced approach whereby the economic, social and environmental impact of retail facilities, current and proposed, needs to be assessed.

From a positive economic perspective, shopping centres add to the creation of employment, the distribution of wealth and an increase in revenue and rates base. From a positive social perspective they add to efficiencies, safe and secure shopping environments and social interaction. From a positive environmental point of view they

may contribute to the modernization of backward areas, reduce land use conflict, upgrade derelict commercial structures and integrate with new environmentally efficient technologies.

On the negative side, economic monopolies may be increased and the balance of retail provision and distribution may be shifted. Negative social impacts include favouring certain social groups, limiting choices through tenant stereotyping, breaking with historic shopping linkages and attracting vagrants and criminals. The negative environmental impacts are associated with traffic congestion and pollution nodes, changing the traditional character and landscape, causing blight on other facilities, and placing additional pressure on existing infrastructure.

The approach to planning policy may be negative or positive i.e. enforcing pre-conceived ideas or being obstructive as opposed to actively involving key role players in the planning process. Various strategies have been followed in First World countries ranging from an initial "*Laissez Faire"* approach to a "Top-Down" approach. The output of policy directives has to deal with the unique experience and objectives of each country, town or governmental and local authority. Notwithstanding the uniqueness of the output, it is the methodology followed and best results achieved, that are of importance for this assessment.

### 5.3.2. Policy directives in the United States of America

Public policy influence, prior to 1980, from the federal government was minimal and where it did occur was indirect and unstructured (Berry, 1981). Shopping centre development strategy was mainly influenced by macro-economic factors such as the state of the national economy, financial policy and interest rates. Policy directives, where they existed, were locally based and applied through zoning legislation.

The federal policy which had the greatest positive impact and survived the longest was the Urban Development Action Grant which essentially encouraged a partnership between government and industry. Its aim was to assist developers financially with the objective of encouraging investment in depressed cities (Ellison, 1979). The policy was not only limited to retail (up to 25% of the funding went to retail projects), but was also that of a generator of employment, particularly low income employment of unskilled people. The business principle thus was to mobilise funding from the private sector in a ratio of approximately one to six (Dawson & Lord, 1985:14). Allocation of funds was

undertaken through a State Department (Housing and Urban Development) which had to determine a "distress" status for a potential project. Thus projects in close proximity to areas of poverty would qualify. The developer would also have to demonstrate equal employment opportunities weighted in favour of middle, low income and minority groups. Due to the success achieved with the programme, the British Government adopted a similar scheme managed by the Department of the Environment (Mallison Gilbert, 1983)

### 5.3.3. Urban planning policy in the United Kingdom

Planning policy in the UK differed significantly from that in the USA insofar as the contribution of planning authorities was more rigid and authoritative. The British planning system enabled wide control by central and local government. The central government devolved power to local authorities which had the advantage of ensuring uniformity at local government level. Essentially, modern town planning in the UK started in 1947 with the Town and Country Planning Act. Thus, following the destruction to the urban areas during World War II, a strategy was adopted by the planning authorities to protect historic central shopping areas by discouraging decentralized shopping centre development. Decentralised shopping facilities were, however, included in New Town developments that emerged post World War II.

The Central Government controlled the development programme by laying down the broad guidelines within which local authorities should act. Local authorities were obliged to draw up development plans to be approved by the Central Government. Developers, however, could also appeal to Central Government against local authority proposals. In essence, then, a reactive policy was formulated to discourage the development of new freestanding shopping centres in suburban settings, On the positive side, the planning authority did not merely regulate the private sector, but was actively involved in the initiation and development of shopping centres to the extent of providing all the finance as well. This method ensured a more equitable distribution of shopping facilities to include both the lower and middle income markets.

The earlier shopping centre developments were thus powered by a good relationship between local authority and developer. In order to revitalize old town centres and assemble land for such projects, the local authority was equipped to undertake compulsory purchase orders (expropriation) and thus had the means to assemble

complex property arrangements, particularly in central business districts. The fact that the local authority was also involved in the outcome and financial success of the product reinforced an appreciation of the developer's role and perspective. The system in place, however, was slow and project assembly took many years (Dawson & Lord, 1985: 40-55). The need to change resulted in amendments to the 1947 Act in 1968 and 1972, introducing the idea of structure and local plans for future development, although the basic principles of obtaining development permission and protecting existing business districts remained as part of the strategic objective of a local authority (Dawson, 1983: 98-99)

One of the disadvantages of the British system is that, whilst protecting existing developments, it falls short of initiating new types of centres and thus discourages innovations in the shopping centre industry – thus a truly conservative approach.

## 5.4.    Constitution - South Africa (Act 108 of 1996)

The Constitution deals with local government to provide a democratic and accountable government, social and economic development, health and safety, provision of services and encourage involvement of communities.

(The Constitution, 1996:ss1-3)
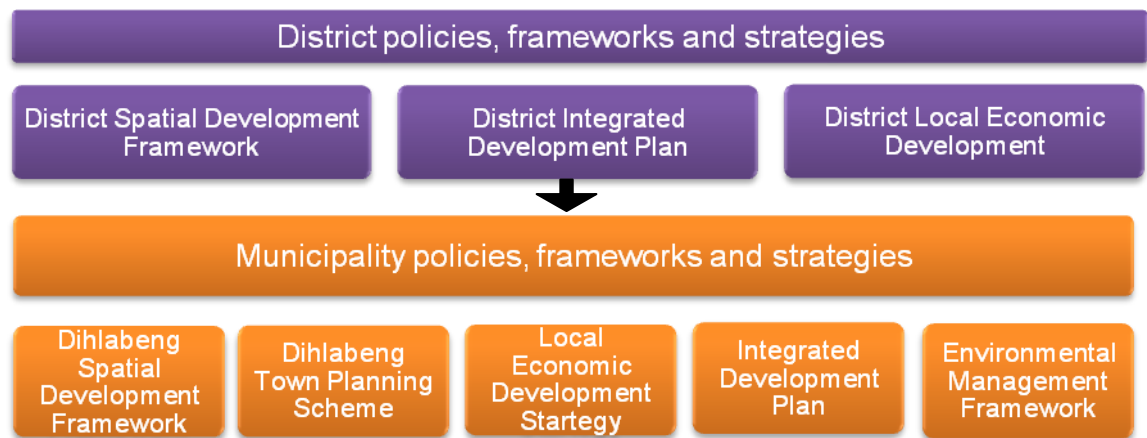
**Implications for the Dihlabeng Local Municipality:**

Dihlabeng is legally bound to promote social and economic development within its community. This implies that public investment should largely focus on developing the Municipal area in terms of Local Economic Development and providing for the basic needs of the community.

### 5.4.1. National policies, frameworks and strategies

#### *5.4.1.1.      Municipal System Act*

The Municipal System Act requires that municipalities must implement and IDP and SDF according to the regulations, these plans, strategies, policies and frameworks regulates and guides commercial development in urban areas.

#### *5.4.1.2.      National Spatial Development Perspective (NSDP)*

The National Spatial Development Perspective (NSDP) was prepared by national government to guide the national spatial allocation of resources and to inform decisions with spatial implications.

The principles for the NSDP are summarised as follows:

- Fixed investment;
- Economic growth;
- Poverty and development potential;
- Social inequalities;
- Link Future settlement and economic development opportunities; and

- Providing social transfers, human resource development and labour market intelligence.

### 5.4.1.3. *White Paper 2001*

The White Paper can be seen as one national system that rationalise the existing planning laws into this one system. This system is aimed at achieving efficiency, equality, sustainability, fairness and good governance and to inform decisions on spatial planning and land use management. The White Paper sets out the minimum elements that mast be included into a spatial development Framework. The White Paper states that municipalities should support businesses through development and training.

### 5.4.1.4. *National Spatial Planning Framework*

The National Spatial Planning Framework integrates and coordinates the spending of public funds around particular programmes or regions.

### 5.4.1.5. *Green Paper*

A green paper is a consultation document setting out a proposed policy position, in this case the position of national government on planning at the centre of government. This Green Paper: National Strategic Planning is being tabled alongside a discussion document on performance monitoring and evaluation. The papers jointly signal how key functions undertaken by The Presidency are interconnected and complement each other (Green Paper 2009: 5-6).

This paper deals with the role and functions of the National Planning Commission, the coordination. It describes the institutional linkages within and outside of government and proposes structures that would be tasked with meeting the mandate for better planning and coordination. It assesses at a macro-level where a country is in relation to those objectives and describes the policies, programmes, options and trade-offs required to achieve those objectives. The outputs of the national planning process are high level in nature but somewhat detailed in describing the desired outcomes (Green Paper 2009: 5-6).

Various indicators of human institutions; economic growth; employment; poverty-reduction; access to opportunities and social services; and South Africa's role in

international affairs. However, in virtually all of these areas, we have not made enough progress towards erasing the fault-lines that derive from apartheid colonialisms hierarchy of social exclusion and as inequality and the scourges of violent crime and corruption, our nation has been found wanting (Green Paper 2009: 5-6).

Guided by a strategic vision and plan, society will more effectively unite in action. The proposed planning system, processes and structures are meant to help achieve such united action. Attached to strategic planning, it is argued, should be principles to guide coordination and integration of governments work and indeed the efforts of society at large. Similarly, performance monitoring and evaluation, and effective structures to rectify weaknesses as they arise, are critical links in the chain of single-minded pursuit of agreed objectives (Green Paper 2009: 5-6).

The proposed approach will impact on the entire development planning system within government. However, this paper focuses in the main on systems and structures of national strategic planning in The Presidency as the nerve centre of government and on how these relate to the rest of government across the spheres. It raises matters of principle at ministries, spheres and departments (Green Paper 2009: 5-6).

### 5.4.1.6.    *Spatial Planning and Land Use Management Bill*

The system of spatial planning will include Spatial Development Frameworks on all three spheres of Government (National, Provincial and Municipal). Spatial planning, land use management, land development and land development applications must be guided and facilitated thru different schemes.

According to the Spatial Planning and Land Use Management Act (2013) the following principles apply to spatial planning, land use management and land development:

1. The principle of spatial justice, whereby:
   - Address imbalances;
   - Previously excluded;
   - Disadvantaged communities and persons;
   - land use management systems are inclusive of all areas of a municipality;
   - Upgrading of access to informal areas; and
   - Value of land or property.

2. the principle of spatial sustainability, whereby spatial planning and land use management systems must:
    - Promote land development;
    - Ensure special consideration;
    - Uphold consistency;
    - Promote and stimulate the effective and equitable functioning of land markets;
    - Consider all the current and future costs;
    - Limit urban sprawl; and
    - Result in communities that are viable.

3. the principle of efficiency whereby:
    - Existing resources and infrastructure;
    - Decision-making procedures; and
    - Development application procedures.

4. Ensure sustainable livelihoods in communities most likely to suffer the impacts of economic and environmental shocks; and

5. the principle of good administration whereby:
    - Integrated approach to land use and land development that is guided by the spatial planning and land use management systems as embodied in this Act;
    - no government department may withhold their sector input or fail to comply with any other prescribed requirements during the preparation or amendment of Spatial Development Frameworks;
    - the requirements of any law relating to land development and land use are met timeously;
    - the preparation and amendment of spatial plans, policies, land use schemes; and
    - Policies, legislation and procedures must be clearly set out and inform and empower citizens.

### 5.4.2. Provincial policies, frameworks and strategies

### 5.4.2.1. *Provincial Spatial Planning and Land Use Management Bill (SPLUMB)*

A National Spatial Land Use Management Bill is in the implementation, this Bill states that each of the nine provinces should also develop an SPLUMB.

According to DRDLR's SPLUMB Implementation Report (2012) this document and the accompanying content are proposed to serve as implementation guide to the DRDLR and the FS COGTA. It provides a programme for implementation, indicating what steps are required to be carried out after the completion of the draft Bill and Regulations. This process extends beyond the adoption of the Bill by the Free State Legislature to the revision of the land use management process in the Province and the development of municipal spatial planning and land use management in local municipalities.

### *Existing Structures, Systems and Plans*

There are already several structures and systems in place that will facilitate the implementation of the new legislation.

- *National*

  The National Department of Rural Development and Land Reform (DRDLR) in the Free State, in conjunction with FS COGTA, have already initiated several projects that will support the new legislation (SPLUMB Implementation Report, 2012).

- *Provincial*

  According to DRDLR's SPLUMB Implementation Report (2012) in addition to the projects with DRDLR, the Provincial Government (FS COGTA) already has the following in place:

  o The Land Use Advisory Board (LUAB) (previously known as the Townships Board)**,** that considers all applications and hears all cases where there are objections**,** is fully functional. This body can form the basis of either the Planning and Land Use Tribunal (PLUT) or the Appeal Tribunal, at least in the transitional phase. The systems and processes that are in place for the LUAB can serve both

new proposed tribunals with minimal changes. Furthermore, the current budget for the LUAB will support at least one of the new tribunals.

o Draft 'wall-to-wall' zoning schemes have been prepared for nine of the 19 local municipalities while the Mangaung Metropolitan Municipality (Mangaung MM) is far advanced in the preparation of an inclusive integrated zoning scheme. Thus 50% of the municipalities in the province have draft zoning schemes in place. While these schemes may require modification to meet the requirements of the new legislation, much of the work is in place. The biggest obstacle to their implementation is approval from the National Department of Agriculture in terms of the Subdivision of Agricultural Land Act, 70 of 70.

- *Municipal*

At the Municipal level, some municipalities have planning functions or planning personnel, although few have registered professional planners. Mangaung MM in particular has capacity in its land use management function but additional capacity and expertise is required for integrated spatial planning. This capacity at Mangaung MM is important as the bulk of the land development applications originate from that area. If the city can finalise between 40% and 50% of the applications internally it will relieve pressure on the remainder of the system (SPLUMB Implementation Report, 2012).

### 5.4.2.2. *Municipal Systems Act*

The Municipal System Act requires that municipalities must implement and IDP and SDF according to the regulations, these plans, strategies, policies and frameworks regulates and guides commercial development in urban areas.

### 5.4.2.3. *Provincial Spatial Development Framework*

**Land use Planning Model**

In compliance with international and national protocols, agreements and directives, and the Spatial Planning and Land-Use Management Bill (2012), the land-use classification approach adopted for the PSDF is based upon UNESCO's biosphere reserve zoning model as advocated by UNESCO's Man and the Biosphere (MaB) Programme.

This model, as adopted for the Free State PSDF, should not be interpreted as conservation-focussed – it merely builds upon the principle that sustainable economic and social systems are not possible in an unsustainable environment. Accordingly, the three categories mean the following:

- o Core conservation areas refer to those sites that provide for, or contain, essential ecological processes and products, including biodiversity, water, soil, etc. All of these are essential for social, economic and ecological sustainability.
- o Conservation buffer areas are those zones that help to protect the integrity of the core areas and/or serve as functional linkages between core areas.
- o Transition areas are those areas where the main consumptive land-uses occur, including settlement development, industry, mining, and other disruptive land-uses that represent the bulk of the economic activities of the province.

**What is PSDF?**

The Free State PSDF is a provincial spatial and strategic planning policy that responds to and complies with, in particular, the National Development Plan Vision 2030 and the National Spatial Development Perspective (NSDP). The latter encourages all spheres of government to prepare spatial development plans and frameworks (such as the PSDF) that promote a developmental state in accordance with the principles of global sustainability as is advocated by, among others, the South African Constitution and the enabling legislation.

The PSDF is to serve as a spatial and strategic supplement to the Free State Provincial Growth and Development Strategy (PGDS) with specific reference to the Provincial Strategic Growth and Development Pillars stipulated in the PGDS.

The PSDF will be a manual for integrated spatial and strategic planning, institutional integration and co-operative governance as is required by law. In this regard, specific reference is made to:

- o The alignment and integration of sectoral strategies in accordance with a common vision and objectives for sustainability.
- o Enhancing the sustainability of all economic sectors in accordance with the principles that:

- The long-term future of economic activities depends on the sustainability of the resource base and the supporting environment.
- Resource use can only be sustainable if the ethic of environmental care applies at all applicable levels of planning and implementation.
    o Supporting the district and local municipalities in the preparation of their SDFs in terms of the Local Government Municipal.

*(Provincial Spatial Development Framework - Free State Province)*

According to the Systems Act 32 of 2000 support and guidance include the following:

- o Providing a standard spatial format for giving effect to, among others, the Free State PGDS and the associated development programmes and projects throughout the province.
- o Facilitating the land-use classification of the province in a standard format in accordance with defined Spatial Planning Categories (SPCs).
- o Recording the land-use (SPC) plans and associated strategies and guidelines in an innovative Spatial Planning Information System (SPISYS).
- o Illustrating the desired future spatial patterns that provide for integrated, efficient and sustainable settlements throughout the province based upon the development priorities set in rural development programmes and the Free State PGDS.

*(Provincial Spatial Development Framework - Free State Province)*

**Sustainable Development**

The PSDF will be based on the principle that, in order to achieve a vision of long-term sustainability in the Free State, a holistic and all-embracing approach to the management of the province is required. Such an approach should focus on ensuring the sustainability of the resource base upon which the economic sectors and the associated general well-being of the people of the province depend.

Accordingly, the PSDF, in conjunction with the PGDS, will aim to give practical effect to sustainable development throughout the province. The goals and objectives of the PSDF as it relates to sustainable development and sustainability are based upon the national directives put forward in, among others, the National Strategy for Sustainable Development (NSSD).

### 5.4.2.4. *Free State Growth and Development Strategy*

Free State province will embark on the improvement of the provision of social security, social infrastructure free basic services, education, health care services, housing and participation in sport and cultural activities the strategy will also focus on the providing of local multipurpose centres. The key priorities will include economic growth, development and employment, social and human development, security and efficient administration.

### 5.4.3. District policies, frameworks and strategies

### 5.4.3.1. *Thabo Mofutsanyane Spatial Development Framework*

The formulation of an Integrated Spatial Development Framework is a legal requirement in terms of Chapter 5 of the Local Government: Municipal Systems Act, 2000 (No 32 of 2000) and forms an integral part of the Integrated Development Plan (IDP) for a Local or District Municipality. The purpose of a Spatial Development Framework is to provide general direction to guide decision-making and action over a multi-year period aiming at the creation of integrated and habitable cities, towns and residential areas. More specifically, the Spatial Framework aims at informing the decisions of different organs of State as well as creating a framework for investor confidence that facilitates both public and private sector involvement.

Thabo Mofutsanyane District forms the north-eastern part of the Free State Province and is one of five district municipalities in the Free State. With the exception of Xhariep district municipality, it is bordered by three other district municipalities of the province namely, Motheo in the south, Lejweleputswa in the west and Fezile Dhabi in the north. Other borders include Lesotho in the southeast, Kwa-Zulu Natal in the East and Mpumalanga in the northeast. Thabo Mofutsanyane has been divided into five local municipal areas, with Setsoto forming the south-western section, Dihlabeng the south middle section, Nketoana the north middle section and Maluti-a-Phofung the south-eastern section and Phumelela the north-eastern section of the district and nineteen urban centres.

### 5.4.3.2. *Thabo Mofutsanyane Integrated Development Plan*

The IDP is a strategic development plan that guides all development to be undertaken by any organ of state within the area of jurisdiction of the District Municipality. It

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provides the vision for the municipality and focus on clear development objectives that the council would like to achieve within their term of office or particular year. It also provides the platform from which the municipal budget must be drawn up.

All development decision taken for the area of jurisdiction must be within the framework set by the IDP of Thabo Mofutsanyane District Municipality.

The Integrated Development Planning Process is a comprehensive planning and implementation process that will be followed by all municipalities within the District. As a district municipality, Thabo Mofutsanyane should adopt a framework for this process in order to align the planning and implementation of municipal services and development within the area. The Municipal Systems Act 2001 states in section 27 that, after following a consultative process with the local municipalities in the area, the district municipality should adopt a framework for integrated development planning in the area as a whole. The framework will bind both the district and local municipalities.

The purpose of the framework is to:

- Identify plans and planning requirements binding in terms of national and provincial legislation on the district and local municipalities;
- Identify the matters that should be included in the IDPs of the district and local municipalities that require alignment;
- Specify the principles to be applied and co-ordinate the approach to be adopted in respect of those matters;
- Determine procedures for consultation between the district and local municipalities during the drafting of IDP's;
- Determine procedures for the amendment of the framework

The preparation process for IDP has been done in a consultative manner. The district and local municipalities were involved, as well as the Department of Local Government and Housing for the Free State.

This Framework serves as the guideline to local municipalities and the district municipality of Thabo Mofutsanyane for aligning their respective IDP processes with each other and with the plans and programmes of other organs of state.

### 5.4.4. Municipality policies, frameworks and strategies

### 5.4.4.1. *Dihlabeng Integrated Development Framework (IDP)*

The Dihlabeng IDP plan links, integrates and co-ordinates other institutional plans and takes into account proposals from various stakeholders and the community for the development of the municipality. This framework, therefore, once adopted by council, serves as the principal strategic planning instrument which guides and informs all planning and development, budgeting, annual performance review, management and development, in the municipality.

As a result of continuous engagements between the municipality with other role-players and stakeholders, it was realised that it is important to re-consider the core components of the IDP as espoused in the IDP Framework Guide issued by the Department of Provincial and Local Government. One of the critical aims of the Integrated Development Plan Framework Guide is to provide clarification on the packaging and contents in preparation of the reviewed IDP and beyond. These guidelines are not meant to replace the contents of the IDP as contained in the Municipal Systems Act, 2000 and Performance Management Planning Regulations, 2001, but to intensify understanding and clarification of such contents accordingly. These core components are presented and briefly defined hereunder as follows:

a) Process Plan: this shows the process for planning, drafting, adopting and review of integrated development plan

b) Situational Analysis; this presents a detailed status quo analysis of the municipal area which is updated annually.

c) Development Strategies; Strategic Agenda.

d) Spatial Development Framework; this presents a high level Spatial Development Framework which reflects the text and maps and is reviewed on a 5 yearly basis.

e) Sector Involvement; presents the extent of involvement of various sector departments as well as the private sector in general in term of developments in the locality and could be in the form of a Strategic Plan or Medium Term Expenditure Framework or Sector Plan information for that particular Integrated Development Plan period. This information should be current and as updated annually.

f) Implementation Plan; this is a schedule which envisages all projects over a period of 3 years and includes the responsible person and funding.

g) Projects; this section provides comprehensive details of projects to be executed during the IDP duration; this section basically gives effect to the Implementation Plan.

h) Financial Plan; this presents the Municipalities financial plan for a 3year period budget implementation plan setting out performance indicators and respective targets to be achieved, linked to identifiable IDP objectives.

i) Organisational Performance Management System; td Annual Performance Report of the previous year.

j) Policies; The policy need to be highlighted in the IDP and they should be listed in table format. On such table the municipality would indicate if it has or does not have the policy. The    relevant authority could then enquire for a copy of the plan if required.

k) Appendices; a guideline of sector plans which are applicable to Dihlabeng Local Municipality. The sector plans need not be included as part of the IDP, however, they should be listed in table format. On such table the municipality would indicate if it has / does not have the sector plan. The relevant authority could then enquire for a copy of the plan if required.

### 5.4.4.2.    *Dihlabeng Spatial Development Framework*

The formulation of an Integrated Spatial Development Framework is a legal requirement in terms of Chapter 5 of the Local Government: Municipal Systems Act, 2000 (No. 32 of 2000) and forms an integral part of the Integrated Development Plan (IDP) for a Local or District Municipality.

The objectives of this Spatial Development Framework are as follows:

- Integration across racial lines;
- Facilitate local economic growth;
- Stimulates agricultural development;
- Utilize existing services; and
- Accommodate diverse socio-economic needs.
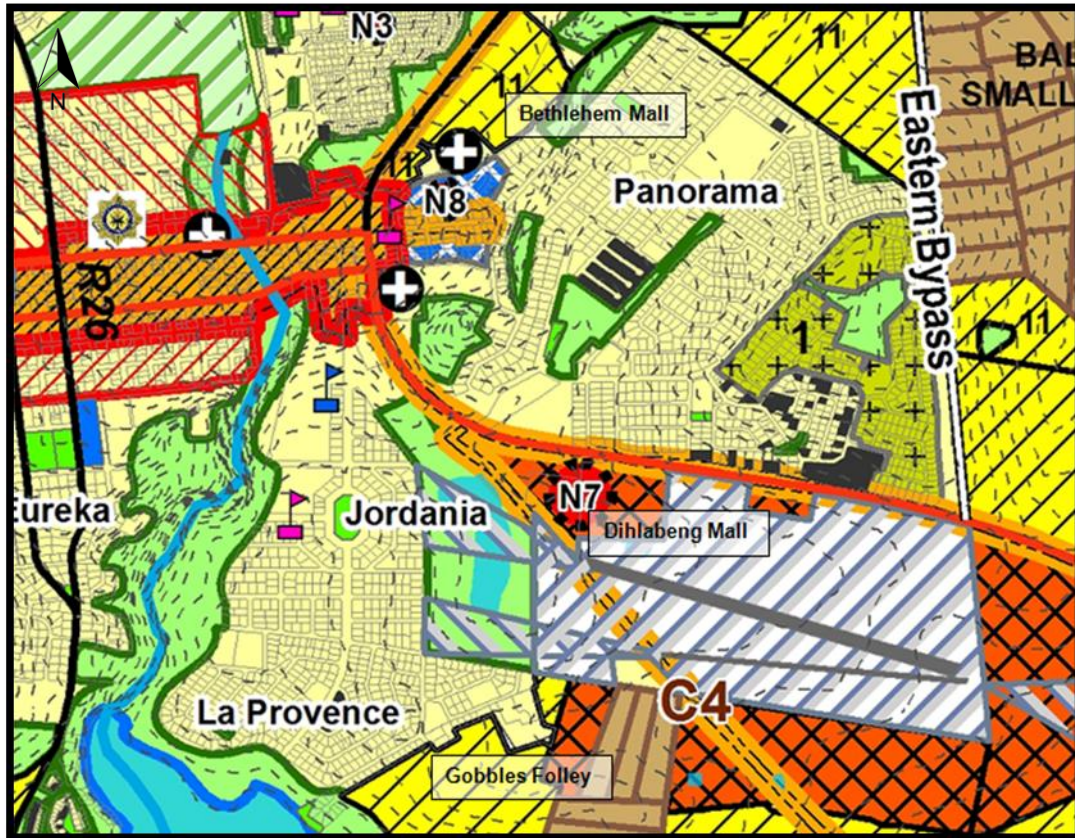
*Figure 15: Dihlabeng Spatial Development Framework (Not to Scale)*
*Source: Dihlabeng Spatial Development Framework 2012*

In the above figure the 3 new shopping centres are marked: Bethlehem Mall, Dihlabeng Mall and Gobbles Folley, These properties are earmarked for the following purposes:

- Bethlehem Mall            : Future Neighbourhood Development;
- Dihlabeng Mall            : Mixed use Excluding Industrial; and
- Gobbles Folley            : Future Neighbourhood Development.

### 5.4.4.3.     *Dihlabeng Local Economic Development*

Economic development and -growth is part of the LED process and needs to be understood within this context. Economic development aims to improve the living standard of local communities and the economic wealth of an area. Economic growth services over a period of time (a year). Economic development and growth are processes that take place simultaneously and are therefore important parts of LED.

Department of Cooperative Governance & Traditional Affairs (CoGTA) defines Local Economic Development (LED) is an approach towards economic development which

allows and encourages local people to work together to achieve sustainable economic growth and development thereby bringing economic benefits and improved quality of life for all residents in a local municipal area.

This sub-section provides an overview of the main definitions applied to the LED concept by institutions such as the Department of Cooperative Governance, Human Settlement and Traditional Affairs (CoGTA), the World Bank and the United Nations. It is, however, important to note that although it is informative to look at these definitions for academic purposes, it is up to the Municipality to develop its own definition of LED according to local realities. This is very important, because the definition will impact on the vision, objectives, initiatives, role definitions of stakeholders, targets and so on.

### 5.4.4.4. *Environmental Management Framework*

Greater Bethlehem serves as the commercial hub for the surrounding agricultural area. It is an accumulation, marketing and distribution point for various products in the region. Tourism is also important in Bethlehem due to the strategic location of the urban area and surrounding natural environment. Angling in the Saulspoort, Loch Lomond and Loch Athlone dams in the vicinity of Bethlehem is a tourist attraction in Bethlehem. Clarens is a nationally distinguished holiday destination and tourism is the primary economic sector in the town (Dihlabeng IDP Analysis, 2009/2010). The main contributing sectors to provincial production are agriculture, trade and finance.

*Control of Environmental pollution and waste management requirements (Section 20)*
Over and above measures targeted at prohibiting littering, the Act regulates waste management and waste disposal sites. A disposal site is a defined as „a site used for the accumulation of waste for the purpose disposing or treatment of such waste". The ECA requires every person who establishes, provides or operates any disposal site to obtain a permit from the Minister of Water Affairs. Waste is defined as „any matter (whether gaseous, liquid or solid or any combination thereof) which is an undesirable or superfluous by-product, emission, residue or remainder of any process which originates from any residential, commercial or industrial area and which is:

i.   discarded by any person;
ii.   accumulated and stored by any person with the purpose of eventually discarding it, with or without prior treatment connected with the discarding thereof; or

iii.    stored by any person with the purpose of recycling, re-using or extracting a useable product from such matter"

***The Dihlabeng Local Municipality Spatial Development Framework (SDF): utilization of environmental opportunities and potential conflicts with the environment***

There is minimal conflict between planned land use and the environment in DLM as the Dihlabeng SDF (2008/2009) in designating areas for different uses i.e. for urban areas, conservation areas, cultivated land, tourism nodes and the transport corridor (N5 highway) takes cognisance of environmental sensitivity. The EMF is guided by the SDF and delineates environmental management zones in line with the SDF so as to harmonize environmental management with existing and planned land use (Dihlabeng Environmental Framework, 2010).

*Urban land use and urban expansion:* The Dihlabeng SDF (2008/2009) points out that Bethlehem will remain the primary commercial economic hub of DLM with the other towns providing services at a local level. The SDF highlights the growth of Bethlehem, indicating the demand for housing and makes provision for urban expansion into agricultural land including the purchase of farms (e.g. Vogelfontein) for housing development. The SDF also emphasizes that there is increasing establishment of residential areas to the east of Bethlehem and the expansion of the Bethlehem CBD to the east including the extension of Bohlokong residential area and residential development east and west of Loch Athlone Dam. Future township development on the east of the city, west of Saulspoort Dam is also indicated. The expansion of Bethlehem is in conflict with the need to maintain agricultural and/or ecological use of land. To minimize conflict between urban expansion and land uses such as agriculture and conservation, the EMF, in addition to providing guidelines for maintaining production of land which is under agriculture, has identified an area of low agricultural activity and low conservation significance with access routes where urban expansion can take place without conflicting with agricultural and conservation activities (Dihlabeng Environmental Framework, 2010).

***The expansion zone***

This zone is a potential mixed land use zone. If a decision is taken to use the zone for the expansion of Bethlehem then the planning provisions for the town should be applied in accordance with local plans such as the IDP and SDF.

In this zone, desired land uses subject to environmental authorization in terms of NEMA and other regulations include (Dihlabeng Environmental Framework, 2010).

- Residential developments;
- Commercial developments and office parks;
- Retail developments and shopping facilities;
- Industrial developments;
- Infrastructure development;
- Manufacturing, warehousing, bottling and packaging facilities.

Activities which should not be permitted in this zone include:

- Conservation;
- Agriculture.

According to the EMF the broad vision for development of the municipality is that there is a need for services such as shopping facilities as people currently travels to Senekal to access shopping facilities (Dihlabeng Environmental Framework, 2010).

### 5.4.4.5. Dihlabeng Town Planning Scheme

The area of this scheme includes all of the towns within Dihlabeng Local Municipality. The Dihlabeng Town Planning Scheme (DTPS) is a statutory document compiled in terms of the provisions of Chapter 3 of the Townships Ordinance (No 9 of 1969).

The overall purpose of the Scheme is to serve as a legal mechanism in providing a uniform land use classification system (zonings), together with specific development parameters and implementation procedures applicable to all properties within the municipal area.

In addition, the Scheme also aims to;

a) Promote planning and development principles amongst all spheres of government and ensure the integration of development-, planning and environmental management policies;

b) Properly manage existing land use rights and ensure proper and fair procedures in order to achieve coordinated and harmonious development that will effectively promote public health, safety, good order, amenity, convenience and the general welfare of inhabitants;

c) Manage and guide urban growth and development by protecting the amenity of established land uses, enhancing the quality of the built environment, promoting integrated and sustainable development and the efficient and most desirable use of land; and

d) Promote sound environmental management, the protection of land and the conservation of important natural and cultural resources.

According to the Dihlabeng Town Planning Scheme (2010) the definition for Commercial Building is as follows:

**Commercial Building –** means a building used for the display, retail sale of commodities and goods - and includes shops, tuck-shops, convenience stores, department stores, specialist shops, showrooms, restaurants, café, coffee shops, pubs and any other retail store / industries that includes the large or small scale sale of products or services to members of public. Provided that:

- The building does not include any residential buildings, scrap yard, builder's yard or noxious industry.
- Accommodation for security guards on a non-permanent basis is provided.

*Table 25: Land Use Zones*

| ZONING | PERMITTED LAND USE | LAND USES PERMITTED WITH COUNCIL CONSENT | SHORT DESCRIPTION OF ZONING |
|---|---|---|---|
| Business 1 | Business; Building; Convenience Store; Dwelling Unit; Guesthouse; Hotel; Neighbourhood Centre; Office; Place of Worship; Restaurant; and Shop. | Bus and Taxi Rank; Nursery | Means an area / zoning where different type of land uses is permitted to a limited scale in order to preserve the amenity of the area. This use zone is specifically targeted to small town CBD area and neighbourhood businesses.. |
| Business 2 | Business building; Function Hall; Dwelling unit; Flat; Guesthouse; Gymnasium; Hotel; Institution; Medical use; Neighbourhood centre; Parking facility; Place of entertainment; Place of worship; Restaurant; Retail warehouse; Shop; Sports and Recreation facilities; and Workshop. | Bus and Taxi Rank; Hawker stalls; and Nursery | Means an area / zoning where different type of land uses is permitted to a high intensity scale and may include mixed uses such as retail, business and high density residential component. |
| Commercial | Business building; Gymnasium; Neighbourhood centre; Parking facility; Restaurant; Retail ; Warehouse; Shopping centre; and Workshop. | Bus and Taxi Rank | Means a commercial property with a mixed land use component. |

*Source: Dihlabeng Local Municipality Town Planning Scheme (2012:34-35)*

**ZONING: LIMITED BUSINESS 1**

*Lighter business area outside the perimeter of CBD in Bethlehem and the business core for the CBD of the other towns in Dihlabeng*

| PERMITTED USES | COVERAGE | FAR | HEIGHT | PARKING REQUIREMENTS |
|---|---|---|---|---|
| Neighbourhood centre | 50% | 1,0 | 2 storey's | 5 bays per 100m$^2$ GLA with a minimum of 5 bays. |

| ADDITIONAL PROVISIONS | |
|---|---|
| Street building line: | 5m along a road reserve of 16m and more<br>3m – other streets |
| Side spaces: | 3.0m Relaxation to 2.0m with consent of affected properties. |
| Rear spaces: | 3.0m Relaxation to 1.0m with consent of affected properties. |
| Entrance and exit: | In accordance with Section 24 of the Scheme. |
| Special Conditions: | 1.  Rituals associated with the practice of religion involve certain activities which may be perceived as noisy to other residents. This source of noise may be intermittent, frequent, regular, at regular intervals daily, weekly or occasionally. The location and neighbouring owners should be taken into account when permitting a Place of Worship.<br>2.  No Place of Worship should be allowed adjoining a restaurant/bar or a place of public entertainment.<br>3.  The height restriction may be relaxed to one (1) additional storey where the slope of the ground justifies multi storey designs.<br>4.  Sufficient space for loading and off-loading of vehicles on the premises should be provided for. |

**ZONING: GENERAL BUSINESS 2**

*The CBD area and business areas of Bethlehem.*

*All other towns can apply for this zoning subject to a traffic impact study / statement.*

| PERMITTED USES | COVERAGE | FAR | HEIGHT | PARKING REQUIREMENTS |
|---|---|---|---|---|
| Neighbourhood centre | 70% | 1,4 | 2 storey's | 5 bays per 100m$^2$ GLA with a minimum of 5 bays. |

| ADDITIONAL PROVISIONS | |
|---|---|
| Street building line: | 5m along a road reserve of 16m and more<br>3m – other streets |
| Side spaces: | 3.0m Relaxation to 2.0m with consent of affected properties. |
| Rear spaces: | 3.0m Relaxation to 1.0m with consent of affected properties. |
| Entrance and exit: | In accordance with Section 24 of the Scheme. |
| Special Conditions: | 5. Rituals associated with the practice of religion involve certain activities which may be perceived as noisy to other residents. This source of noise may be intermittent, frequent, regular, at regular intervals daily, weekly or occasionally. The location and neighbouring owners should be taken into account when permitting a Place of Worship.<br>6. No Place of Worship should be allowed adjoining a restaurant/bar or a place of public entertainment.<br>7. The height restriction may be relaxed to one (1) additional storey where the slope of the ground justifies multi storey designs.<br>8. IF sufficient parking can be provided coverage in the CBD can be extended to a maximum of 85% with Council consent.<br>9. Building lines will be subject to all sites on new buildings / new sites after the effective date of the Scheme.<br>10. Sufficient space for loading and off-loading of vehicles on the premises should be provided for. |

| ZONING: COMMERCIAL | | | | |
|---|---|---|---|---|
| *This zoning applies to a mixed retail development / shopping centre / neighbourhood centre / Wholesale trade retail development* | | | | |
| PERMITTED USES | COVERAGE | FAR | HEIGHT | PARKING REQUIREMENTS |
| Neighbourhood centre | To the satisfaction of Council | To the satisfaction of Council | To the satisfaction of Council | 5 bays per 100m$^2$ GLA with a minimum of 5 bays. |

| ADDITIONAL PROVISIONS | |
|---|---|
| Street building line: | To the satisfaction of Council. |
| Side spaces: | To the satisfaction of Council. |
| Rear spaces: | To the satisfaction of Council. |
| Entrance and exit: | To the satisfaction of Council. |
| Special Conditions: | There should be made special provision for the loading and off-loading of delivery vehicles. See section …..<br><br>If the commercial development comprises of mixed land use development the coverage, FAR, height, density and parking requirements should be to the satisfaction of Council. |

## 5.5. Conclusion

This chapter deal with all relevant legislation and policies with regards to Commercial Development. These regulations are very important and were mostly written by organisations, some of them are not actual law, whereas legislation is law. Appropriate policy and legislation is the key to enabling the formation, growth and effectiveness.

## 6.1. Introduction

This chapter introduces the study area. The town of Bethlehem is situated in the Free State Province of South Africa. It falls under the jurisdiction the Thabo Mofutsanyane District Municipality, where Bethlehem is the largest town within an 80km radius. Bethlehem is classified as an administrative town and provides services to many smaller towns in the surrounds.
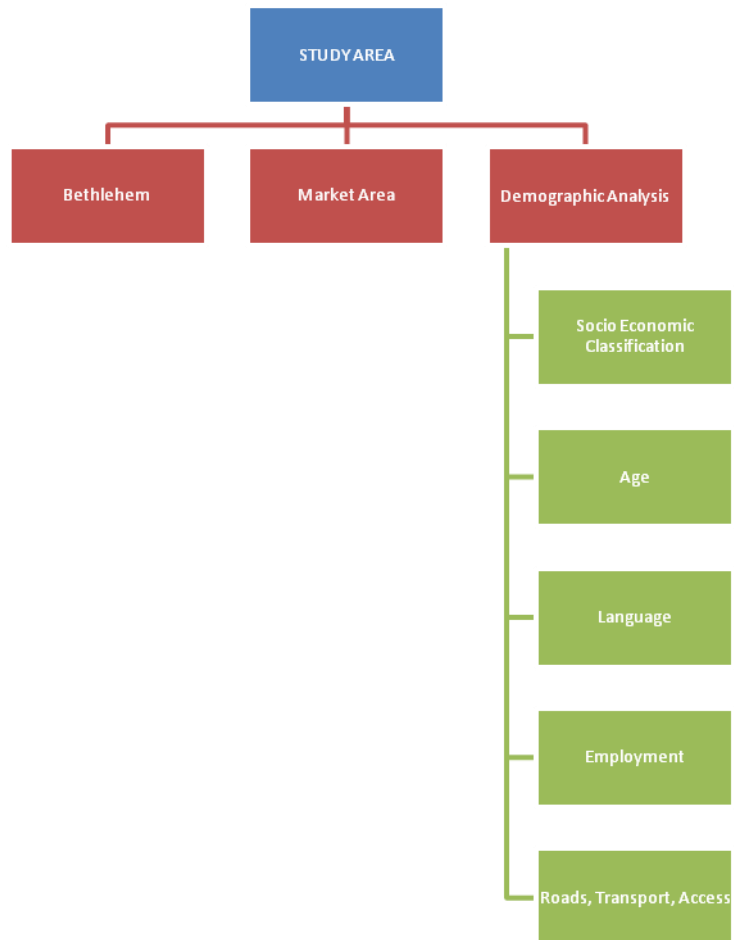


*Figure 16: Introduction diagram: Chapter 5*

## 6.2.    Bethlehem

The Dihlabeng Local Municipality, together with the local municipalities of Setsoto, Phumelela, Maluti-a-Phofung and Nketoana falls within the Thabo Mofutsanyane District Municipality, along the eastern boundary of the Free State Province.

The total extent of Thabo Mofutsanyane District Municipality covers 28 347km2 in extent of which the Dihlabeng local Municipality takes up 4 739km, which represents 17% of the District.



*Figure 17: Thabo Mofutsanyane District Municipality (Not to Scale)*
*Source: Thabo Mofutsanyane IDP (2010/2011)*
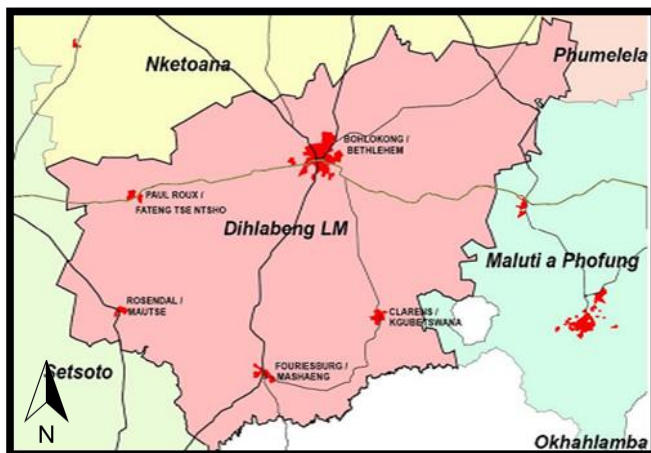


*Figure 18: Dihlabeng Local Municipality (Not to Scale)*
*Source: Thabo Mofutsanyane IDP (2010/2011)*

The Dihlabeng Local Municipality accommodates predominantly agricultural related activities. The Greater Bethlehem is situated approximately 240km north-east of Bloemfontein, 140km east of Kroonstad and 90km west of Harrismith. The town area forms part of the Highland Route and are subsequently located 80km from QwaQwa, 60km from the Golden Gate National Park and 120km from Willem Pretorius Game Reserve.
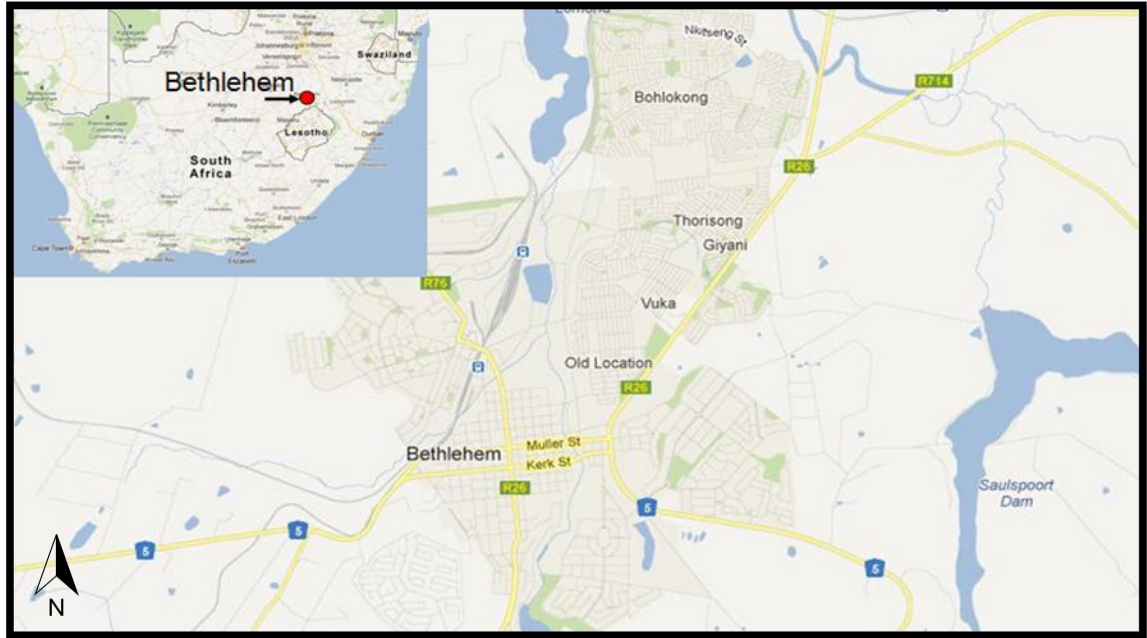


*Figure 19: Bethlehem location map (Not to Scale)*
*Source: Own Creation (2013)*

The town originally developed as a service centre. Growth was stimulated by the strategic location of the area that presently serves as a central regional centre. This is attributed to the fact that the area is situated adjacent to the N5 National Road between Bloemfontein and Durban. The Bethlehem is linked to other towns like Clarens, Paul Roux, Kroonstad, Lindley, Reitz, Warden and Ficksburg.

Bethlehem and its district are quite unique in a number of ways, especially regarding the presence of a large farming community. Bethlehem provides goods and services to residents of extensions of Bethlehem and towns close to Bethlehem, such as Bohlokong and the smallholding areas. The retail structure of Bethlehem therefore provides for a large amount of people shopping in Bethlehem.

According to Statistics South Africa (Census 2001), the Thabo Mofutsanyane District Municipality has a population of approximately 725 939 people (183 049 households).The distribution of the district municipality's population across the five local municipalities is as follow:

*Table 26: Local Municipalities*

| Municipality | Population | Households |
|---|---|---|
| Setsoto Local Municipality | 123 194 | 32 746 |
| Dihlabeng Local Municipality | 128 929 | 33 027 |
| Nketoana Local Municipality | 61 951 | 14 903 |
| Maluti a Phofung Local Municipality | 385 413 | 90 390 |
| Phumelela Local Municipality | 35 090 | 11 934 |
| **Thabo Mofutsanyane District Municipality** | **725 939** | **183 049** |

*Source: Stats SA Community Survey, 2007 Basic Results: Municipalities*

As can be concluded from the above table, the Dihlabeng Local Municipality represent 17.8% of the population of the Thabo Mofutsanyane District Municipality. Furthermore, the Dihlabeng Local Municipality represents 4.8% of the population of the Free State Province.

The Dihlabeng Local Municipality comprises of approximately 128 929 individuals and 33 027 households. According to the Stats SA Community Survey (2007), the population has decreased by 16% (20 480 individuals) and the number of households has with 4% since 2001.

*Table 27: Dihlabeng Census 2001, Community Survey 2007*

| Persons | | Households | |
|---|---|---|---|
| Census: 2001 | Community Survey: 2007 | Census: 2001 | Community Survey: 2007 |
| 128 929 | 108 449 | 33 027 | 31 836 |

*Source: Thabo Mofutsanyane IDP (2010/2011)*

*Table 28: Surrounding Town Population*

| Town | Population (DWA 2011) |
|---|---|
| Bethlehem | 66 201 |
| Clarens | 5 745 |
| Fouriesburg | 13 649 |
| Paul Roux | 6 523 |
| Rosendal | 4 066 |

*Source: DWA (2011)*

Regarding the population distribution in the Bethlehem District (including the Greater Bethlehem and Clarens town areas), 62,25% of the population resides in the urban areas and 37, 75% in the rural areas. This area is marginally less urbanised than the average in the Free State.

*Table 29: Urban centres located within a Local Municipality's area of jurisdiction.*

| Dihlabeng Local Municipality | Maluti a Phofung Local Municipality | Nketoana Local Municipality | Phumelela Local Municipality | Setsoto Local Municipality |
|---|---|---|---|---|
| Bethlehem | Harrismith | Reitz | Vrede | Ficksburg |
| Clarens | Kestell | Petrus Steyn | Memel | Clocolan |
| Fouriesburg | QwaQwa | Lindley | Warden | Marquard |
| Paul Roux | Tshiame | Arlington | | Senekal |
| Rosendal | Phuthaditjhaba | | | |

*Source: Department of Local Government and Housing Free State*

## 6.3. Market area

The delineation of a market area is determined by proximity, distance, travelling time, accessibility, mode of transport, infrastructural availability, residential concentration, visibility and exposure, and location. The market area relevant to this study can be divided into the primary market and the secondary market. The towns included in the primary market area are located within a 50km radius of Bethlehem, and are dependent on the retail facilities of Bethlehem. These towns are: Clarens, Kestell, Reitz, Lindley, Fouriesburg, Warden, Petrus Steyn and Paul Roux. The secondary market area includes the towns that conduct shopping in Bethlehem on a less frequent basis, and are within a 100km radius of Bethlehem. These towns are: Harrismith, Heilbron and Senekal.

The primary market mostly consists of towns in the Dihlabeng Local Municipality. The empirical study shows that the towns in Dihlabeng Local Municipality are the most represented. Therefore this municipality's demographic analysis will be used as the primary market area.

## 6.4. Demographic Analysis

In order to assess a study area, the demographic characteristics such as population, number of households, age, gender, race, language and marital status is very importance. It has been concluded that Dihlabeng Local Municipality is the primary market area, therefore this analysis is based on the Dihlabeng Local Municipality's statistics.

A demographic study is not just a mere analysis to plan development, but can be seen as an important marketing tool. Planning a shopping centre for the middle to high income area may require a number of demographic studies. In this study the focus

point is where theory, conceptualisation and research meet reality. This is required in identifying the value drivers for shopping centre development. The Pareto principle states that 80 percent of the results are achieved by 20 percent of the effort. The focus should thus be on the most productive 20 percent (Ghyoot, 1992:71). The problem facing shopping centre development analysts is the diversity of interested parties that will or could need to utilise the trade area information, thus comprehensive demographic data is included in viability studies without any specific link to the contribution being made to sizing the proposed development.

"The trick lies in deciding what the true data needs are and therefore what interesting but valueless information should be rejected. A mass of fact should not be confused with their utility". (Davies and Rogers, 1984: 181)

To assess the value impact of demographic data, its quantitative and qualitative attributes should be assessed. Quantitative data is preferred in decision making due to its unambiguous discretionary power. To determine the commercial development ratio per person in smaller towns, the following demographic data is required:

- Population of the market area;
- Number of households in market area; and
- Household income profiles.

It is important to note that none of the other demographic characteristics is required for the ratio calculation, but still plays a significant part in market share estimates, a qualitative departure to quantification.

*Table 30: Demographic Indicators for South Africa, Free State, Thabo Mofutsanyane District Municipality and Dihlabeng Local Municipality, 2012*

| Indicator | South Africa | Free State | Thabo Mofutsanyane DM | Dihlabeng LM |
|---|---|---|---|---|
| Total Population | 49 991 472 | 2 824 570 | 723 378 | 114 818 |
| Population Growth / Annum | 1.2% | 0.3% | 0.0% | -0.9% |
| **Population Groups** African | 79.4% | 88.7% | 94.7% | 86.7% |
| Coloured | 8.9% | 3.1% | 1.1% | 4.7% |
| Asian | 2.6% | 0.1% | 0.2% | 0.2% |
| White | 9.2% | 8.1% | 4.0% | 8.4% |
| **Gender** Male | 48.7% | 48.2% | 46.1% | 47.6% |
| Female | 51.3% | 51.8% | 53.9% | 52.4% |

*Source: Dihlabeng LED Strategy (2011:43)*

### 6.4.1. Socio-economic classification

Socio-economic classification is a background tool for general orientation from the macro through to the micro level. It is a tool used in order to focus our actions. It has bearing on the quantity of commercial GLA to be developed per person.

The United Kingdom classified socio-economic groups into sic traditional groups, as follows:

*Table 31: Traditional classification of socio-economic groups (UK)*

| Classification | Description |
|---|---|
| A | Upper middle class (higher managerial, administrative or professional), e.g. doctor, lawyer, company director, university professor |
| B | Middle class (intermediate managerial, administrative or professional), e.g. matron, bank manager, university lecturer |
| C1 | Lower middle class (supervisory or clerical, junior managerial, administrative or professional), e.g. nurse, bank clerk, junior lecturer |
| C2 | Skilled working class (skilled manual workers), e.g. foreman, charge hand |
| D | Other working class (semi- and unskilled manual workers), e.g. labourer, railway porter |
| E | Those at lowest level of subsistence, e.g. individuals who are depended on social security, pensioners, jobless |

*Source: Davies & Rogers, 1984: 185*

The above classification defines mainly middle and working classes, a high or very high income class is not included. Whilst there is no official classification of socio-economic groups in South Africa, Stats SA classifies these groups in terms of monthly income.

The above classification was based on individual income. An amendment to this classification, based on the fact that the household is the most important consumption unit, is proposed.

The income per household in the Dihlabeng area is stated in the following table:

*Table 32: Distribution of household income – Dihlabeng. 2001 and 2007*

| Household income per month | 2001 (%) | 2007 (%) |
|---|---|---|
| No income | 19.3 | 4.8 |
| R1 - R400 | 13.6 | 7.7 |
| R401 - R800 | 22.7 | 8.4 |
| R801 - R1 600 | 17.7 | 21.4 |
| **R1 601 - R3 200** | **11.4** | **25.4** |
| R3 201 - R6 400 | 7.0 | 17.5 |
| R6 401 - R12 800 | 5.1 | 5.7 |
| R12 801 - R25 600 | 2.2 | 7.0 |
| R25 601 - R51 200 | 0.6 | 1.5 |
| R51 201 - R102 400 | 0.2 | 0.0 |
| R102 401 - R204 800 | 0.2 | 0.1 |
| R204 801 or more | 0.1 | 0.2 |
| **Total** | **100** | **100** |
| **Weighted Average Monthly Household Income** | **R3 308** | **R5 714** |

*Source: Community Survey 2007 (Stats SA)*

It is clear that the majority of households earned between R1 601 and R3 200 per month in 2007. The weighted average monthly household income in Dihlabeng has increased from R3 308 in 2001 to R5 714 in 2007. This translates to an average annual growth rate of 9.5%, which indicates that household spending power in Dihlabeng is improving as the growth in income is higher than the inflation rate of between 3% and 5%.

It should, however, also be noted that 42.2% of households earned less than R3 200 per month in 2007 and is therefore regarded as poor. Only 9.1% of households earned more than R12, 800 per month in 2007. Most families in the Dihlabeng area are therefore dependent on low levels of income and do not have a large amount of

disposable income available. As noted, this indicator is improving, which will benefit the trade sector in future.

### 6.4.2. Age

A lot has been said in American studies (White & Gray, 1996; Benjamin, 1996) about the impact of the 'baby boom' age cohort (people born shortly after World War II), and the massive commodity consumption apatite of this group, now in their sixties and seventies, on retailing. Retailers in the USA continuously adapted to serve this market cohort. As the cohort nears the end of its life expectancy, indications of oversupply in retail area and fundamental changes in buying habits are envisaged with shifts away from indiscriminate purchases to value shopping and social and ecological responsibility (Benjamin, 1996). The focus is moving to the youth and strategies are being employed to bridge the generation gap from 'baby boom' to 'cyber age'. The impact of e-commerce on future retail is just one of the activities specifically linked to the youth.

The age profile is weighted towards 42.28% of the Dihlabeng Local Municipality's population being up to 19 years of age (Statistics South Africa, 2001). The youth is of great importance for shopping centres, therefore the strategy is to bring the youth to the centre and the parents will follow, not only to do their normal purchases but also to succumb to pester power.
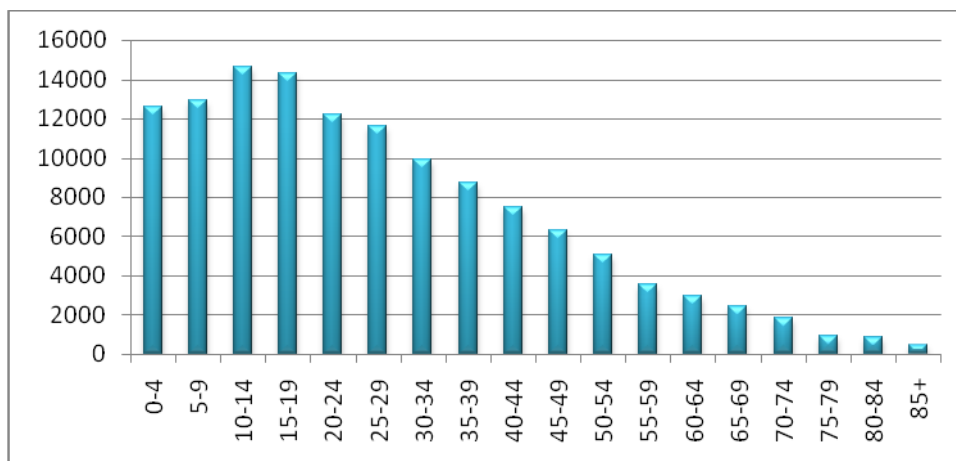


*Figure 20: Age in five year categories for Dihlabeng Local Municipality*
*Source: Own Creation (2012)*

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### 6.4.3. Language

Language indicates the cultural attainment in the trade area. Some traders are well focused on serving people in their own language. Communicating with shoppers in their mother tongue is one of the most important requirements of a good marketing strategy. The eleven ethnic languages in South Africa pose a special challenge to national retailers. It contributes to limiting business acumen and the number of traders an emerging marker shopping centre developer can canvass. This in itself has an impact on the size of a centre as demand for space may be less than the market potential because of the limited interest and number of skilled traders active in an emerging market.

The home language division of the Dihlabeng Local Municipality's population is as follows.

*Table 33: Home Language in Dihlabeng*

| Home Language | Nr of Population |
|---|---|
| Sesotho | 97163 |
| Afrikaans | 14967 |
| IsiZulu | 6071 |
| English | 3032 |
| Sign language | 1848 |
| Other | 5622 |

*Source: Stats SA 2011*
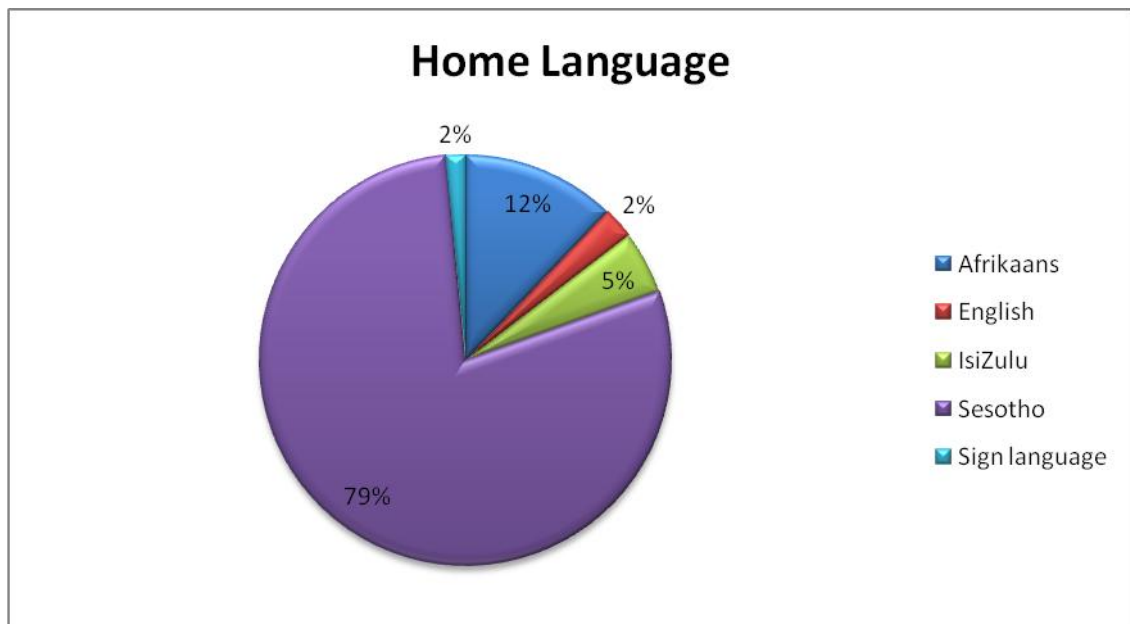
*Figure 21: Home Language*
*Source: Own creation*

### 6.4.4. Employment

Employment is closely correlated to income and therefore also considered as one of the indicators determining lifestyle. The increase in employment opportunities for the black, coloured and Indian communities through affirmative action has had a significant impact on the redistribution of wealth in South Africa. There is, however, also the danger that, should the provincial authority not remain financially liquid and reduce employment in the public sector, a decrease in formal employment will negatively affect the commercial development areas.

According to the 2007 community survey (Stats SA), only 44, 10 percent of Dihlabeng Local Municipality's population is employed. The unemployment rate stands on 23, 50 percent, this is higher than the Free State Province's unemployment rate of 22.3 percent.
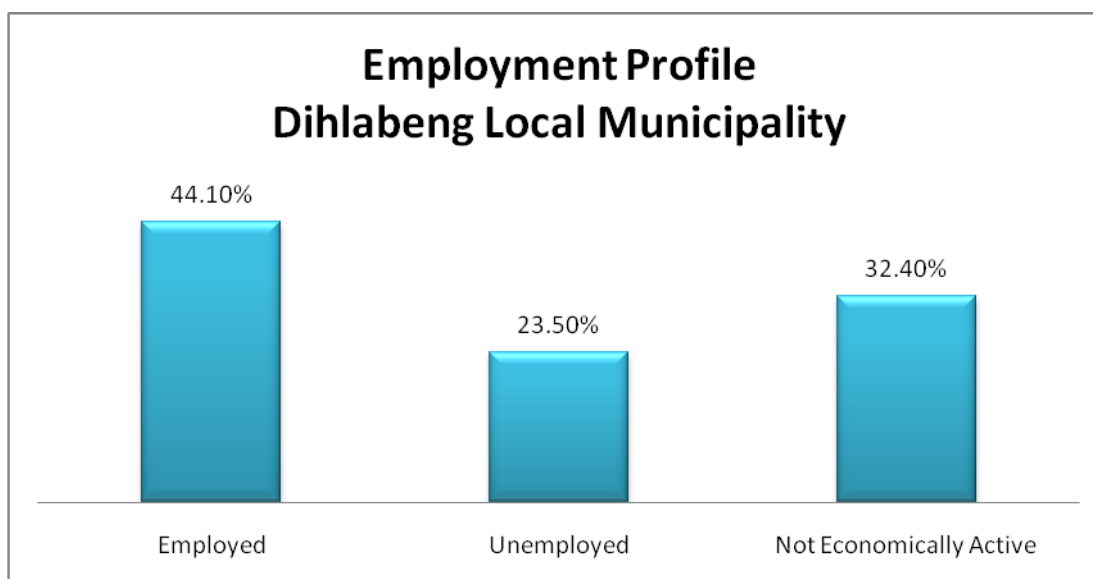
*Figure 22: Employment Profile*

*Source: Own Creation (2013)*

### 6.4.5. Roads, transport and access

#### 6.4.5.1. Railways

The railway line connects North-West Province, KwaZulu-Natal, Gauteng Province Cape Provinces. The existing railway line in Bethlehem is of adequate capacity to serve the industrial area over the short and medium term.

#### 6.4.5.2. Airfields

The Bethlehem airport is generally utilised by a large number of aircraft, mainly for the purposes of crop spraying.

#### 6.4.5.3. Roads

The major provincial road network is tarred, and provides sufficient accessibility within the region. However, the deteriorating condition of, especially, tarred roads, as a result of irregular maintenance, is a tangible concern. Studying the major road network will indicate that primary arterials, both from a national and provincial perspective, run through the region and thus play a significant role with regard to development. The well-developed character of the region is a direct result of it being serviced by means of a strategically important road network. The most significant of these arterials are identified as the:

- N5 between Bloemfontein and KwaZulu-Natal via Bethlehem
- R26 linking the area with the Gauteng Province via Reitz
- R76 linking the area with the North-West Province via Kroonstad
- R714 linking the area with the Gauteng Province via Warden (N3)
- R711 / R712 also referred to as the "tourism corridor" between Bethlehem and Harrismith via Clarens, the Golden Gate Highlands National Park and Sterkfontein Dam Nature Reserve

### 6.4.5.4.    *Major Roads*

Bethlehem is located at the convergence of several major roads leading to Natal (Durban), Gauteng (Johannesburg) and the Free State (Bloemfontein). Major roads play a significant role in the development of Bethlehem.

Proposals regarding the future upgrading of the existing major roads and/or building of the future bypass roads in and around Bethlehem were made as early as the late eighties.

Several studies regarding the future of the roads have been done, which can serve as guideline documents for future development. Major bypass roads were already proclaimed and the future alignment thereof, determined.

### 6.4.5.5.    *Access Roads*

Current access roads seemed to be adequate in serving the existing residential areas. With future residential extensions, additional access roads will have to be identified in order to ensure viable and functional residential areas.

## 6.5.    Conclusion

The demographic and social analysis presented the following observations with regard to local economic development:

The working-age population of Dihlabeng is female dominant, which implies that many working-age men leave the area in search of employment opportunities. The population of Dihlabeng declined by 0.7% on average per annum between 2000 and 2010 compared to the provincial growth rate of 0.3%. This was mainly due to an out-migration of job-seeking young people, unemployment and poverty, as well as a

higher than provincial rate of HIV/AIDS prevalence. An analysis of labour remuneration revealed that approximately 61.8% of the labour force in Dihlabeng earned less than R401 per month. This observation, together with the unemployment rate, implies that there are insufficient disposable income in the area and therefore low buying capacity. This has negative implications for the survival of local businesses and therefore on the trade sector in general. Furthermore, low household income levels imply that many households are not in a financial position to pay for services, municipal rates and taxes. Less than 30% of the Dihlabeng adult population has a Grade 12 or higher education qualification; while 10.5% have no schooling at all. The local labour force is mainly classified as low to semi-skilled. The poor education profile of the local population present serious challenges in terms of the availability of skills required for employment opportunities that might be created in the area.  The most common form of dwelling type is brick houses on individual stands. This category represents 76.4% of housing in the local municipality. This means that 23.6% of households in the Dihlabeng Local Municipality have to make use of alternative types of housing.

# CHAPTER 7
# COMMERCIAL DEVELOPMENT OF STUDY AREA

## 7.1. Introduction

The CBD can be seen as the primary business centre located at the commercial core of the city, offering a full range of retail goods and service outlets, serving the entire city and its wider region. Carter (1981:198) stated that "the organizing centre around the rest of the city is structured".

The CBD is always changing and the advantages, in essence, derived from the sum of the agglomeration and transportation advantages, as the best location for serving the population of the entire city and wider region as a whole. These advantages may not continue indefinitely, for with city growth and spatial expansion, transport cost increase and at some level of scale the agglomeration economics will be weakened. Here a stochastic element in the location choice will arise where the probability of a new locator or a potential relocated choosing a CBD site will be function of the CBD's perceived net benefits, as opposed to alternative available locations.

The inner city can be seen as the part of the town or city where unemployment of the lower-skilled or non-skilled, the elderly and ethnic minorities, accompanied by high levels of overcrowding, amenity-deficient housing and out-migration. Additionally suburban characteristically resulted in higher socio-economic groups decentralizing to the suburbs and beyond (Breheny 1990, Champion 1992 and Rosemary et. al 1993).

The importance of the inner city must not be overlooked, the functions, especially retailing and commercial service activities are dynamic features of the inner city. The inner city can be seen as the transition zone: it is an area that surrounds, but excludes, the city centre and it is surrounded by residential areas.
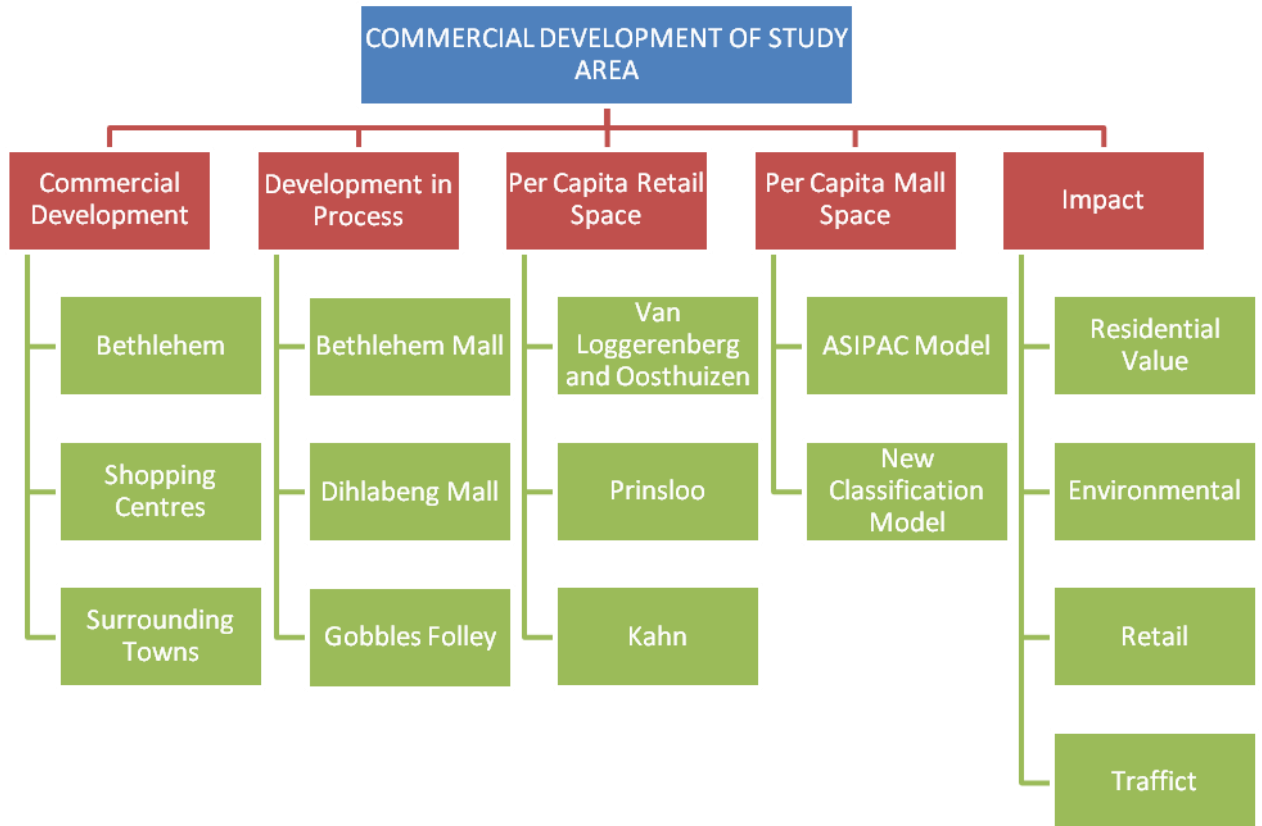
*Figure 23: Introduction diagram: Chapter 6*

## 7.2. Commercial development

### 7.2.1. Commercial development in Bethlehem

Bethlehem has a well-defined CBD, which shows growth potential. Continuous pressure for development to the east is experienced with Hospital Street (either sided) identified as eastern boundary for formal business development. Bethlehem's CBD is an estimate 64000m² this includes only commercial development the any other development in the CBD was excluded from this area.

The commercial development exceeding 1000m² (shopping centres excluded) in Bethlehem can be seen in the following table (the areas of the commercial development are estimates and not precise:

*Table 34: Commercial Development in Bethlehem*

| Centre | Anchor tenants | Location | Nr of shops | Retail GLA | Classification |
|--------|----------------|----------|-------------|------------|----------------|
| Dericks Spar | Spar; Tops Spar; Blockbusters | Corner Muller Street& R26 | 3 | 1460 m² | Convenience Centre |
| Mica Centre | Mica Polka Dot | Corner Malan Street & R26 | 2 | 1620 m² | Convenience Centre |
| Midas Spar | Spar Midas | Corner Commissioner and Pretorius Street | 2 | 2730 m² | Convenience Centre |
| Mr Price Area | Mr Price Mr Price Home; Shoe City | Corner Muller & R26 | 3 | 2080 m² | Convenience Centre |
| Pick n Pay Mini Market | Pick n Pay; Post Net | Corner Baartman& Church Street | 3 | 1020 m² | Convenience Centre |
| Vleismeester Centre | Steers; Debonairs; Butchery; Pharmacy | Corner Baartman& Church Street | 6 | 1160 m² | Convenience Centre |

*Source: Own Creation (2013)*



*Figure 24: Dericks Spar and Mica Centre*
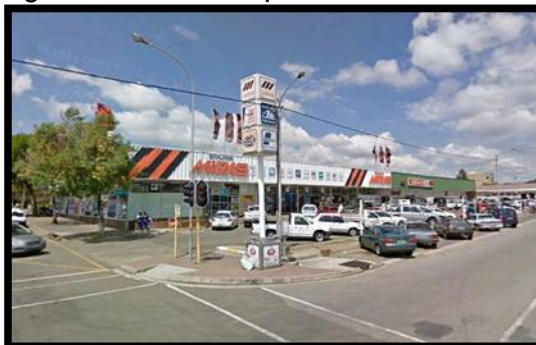


*Figure 25: Midas Spar and Mr Price Area*

*Figure 26: Pick n Pay Mini Market and Vleismeester Centre*

## 7.2.2. Shopping Centres in Bethlehem

According to the Mall Guide, the retail structure of Bethlehem basically consists of the following mentionable centres that have a relevance to the study:

*Table 35: Shopping centres in Bethlehem*

| Centre | Anchor tenants | Location | Nr of shops | Retail GLA | Classification |
|---|---|---|---|---|---|
| Metropolitan Life Centre | Pick n Pay Super, Woolworths, Clicks | Corner Muller & R26 | 50+ | 13842m² | Neighbourhood Centre |
| Bethlehem Maluti Square | Ocean Basket | Corner Cambridge & Church Street | 19 | 6096m² | Neighbourhood Centre |
| Shoprite Centre | Shoprite | Corner of Murray, Muller and Louw Street | 8 | 4258m² | Local Convenience Centre |

*Source: Mall Guide (2013)*

### 7.2.2.1.    Metropolitan Life Centre

This is currently the biggest Shopping Centre Development in Bethlehem (prior to Dihlabeng Mall that opened on 28 March 2013). The centre originally was only 8872m² GLA, the developers of this centre identified the need for more retail space and added an additional 4970m². They also provided covered parking spaces and redeveloped the existing parking spaces for better traffic control. The total parking for this development is 320 open parking spaces and 120 covered parking spaces. A new taxi drop-off and pick up was developed in front of the centre to give the customers easy access to public transport. The Metropolitan Centre is accessible from Muller Street, Baartman

Street (runs into parking area), the R26 and from Malan Street, and therefore it can be concluded that this centre is easily accessible.



*Figure 27: Metropolitan Centre*

### 7.2.2.2.    Bethlehem Maluti Square

The centre originally consist of 6096m² GLA, and can be seen as a neighbourhood shopping centre. The total parking for this development is 108 open parking spaces and 51 covered parking spaces. The centre is accessible from Church Street, Oxford Street and Van der Merwe Street, and therefore it can be concluded that this centre is easily accessible.



*Figure 28: Bethlehem Maluti Square*

### 7.2.2.3.    Shoprite Centre

The centre originally was only 4258m² GLA, and can be seen as a Local Convenience Centre. The total parking for this development is 110 open parking spaces and no covered parking spaces. The centre is accessible from Murray Street, Muller Street and Louw Street, and therefore it can be concluded that this centre is easily accessible.



*Figure 29: Shoprite Centre*

## 7.2.3.  Surrounding towns Commercial development

Bethlehem will remain the primary commercial economic hub of the Municipality where the majority of work opportunities will be established. The other towns will serve as smaller towns with economic growth potential focusing on tourism and providing a service to the agricultural community.

### *Clarens*

Clarens has a well-defined CBD although various businesses are located along the major access roads. There is a need for additional business stands in Clarens. The Greater Clarens comprise potential for growth in the business sector relating to the tourism industry.

The only national tenant in Clarens is a Saverite shop located in the central area of Clarens. Clarens do not have a shopping centre and therefore the residents of Clarens do their main shopping in Bethlehem.

### Kestell

Kestell functions mainly as a service centre to the surrounding rural community, although Bethlehem is within its greater reach in terms of attraction and its greater diversity in terms of goods and services, exerts a stronger pull.

### Rosendal

Limited businesses exist in Rosendal and are primarily situated adjacent a portion of the main road through Rosendal. Some business activity nodes exist in Mautse, most of them hosting informal businesses.

### Phuthaditjhaba (Witsieshoek / Qwa-Qwa area)

Phuthaditjhaba is the capital of the former Qwa-Qwa homeland and according to Mall Guide approximately 360785 people are living in this regional node. There are two shopping centres located in Phuthaditjhaba and both form a substantive part of the Phuthaditjhaba CBD. According to Stats SA 80% of the population of Phuthaditjhaba depend on public transportation and therefore it can be assumed that 20% of the population owns or has access to a vehicle. The population therefore is not as mobile as Bethlehem's population. Therefore the residents of Phuthaditjhaba do their shopping locally, and these two shopping centres make it possible.



*Figure 30: Setsing Plaza & Crescent Shopping Centre*
*Source: Mall Guide (2013)*

*Table 36: Shopping Centres in Phuthaditjhaba*

| Centre | Anchor tenants | Location | Nr of shops | Retail GLA | Classification |
|---|---|---|---|---|---|
| Setsing Plaza | KFC, Shoprite Checkers, Bibi Cash & Carry, Boxer Supermarket, Mr Price, Jet Store, ex. | Corner Motlaing & Setai Road | 128 | 25963m² | Community Centre |
| Crescent Shopping Centre | Game, Superspar, Woolworths, Debonairs, FNB Bank, Exact, Geen & Richards, ABSA Loan, Ackermans, Bears Furniture, Bed and Lounge etc. | Corner Setai & Motlaing Road | 42 | 18367m² | Community Centre |

*Source: Mall Guide (2013)*

## 7.3. Development in process

According to the Spatial Development Framework 2010/2011 for many years no new applications for development was considered. In the year 2010/2011 the development of 3 shopping centres was approved. The locations of these applications are in a very close proximity.

The Casino node was established to the west of the airfield along the Riemland Road Corridor. This node is extended by development of a shopping centre on Erf 3371 and Erf 4752. Another important development node is the approval of a shopping centre development on the Remainder of Erf 4095 – adjacent to Midi Clinic.

Development Boundary

To prohibit linear development along major roads and sprawl of the current CBD, it is important that a commercial development boundary be set. Due to the fact that Council earmarked *Erf 3371* and the adjacent portion, as well as *Gobles Folly* for commercial development, a limitation should be set to ensure the sustainability of these developments, as well as the containment of the centralized CBD. According to the

Dihlabeng SDF Review (2010/2011) Development Boundary line - NO commercial development will be permitted beyond the Casino Development (Erf 4752).

<u>Roads in the area</u>

The future alignment of the *N5* is fixed and must be considered as an imminent element in any planning proposal. *Baartman Street* currently provides access to Jordania, La Provance and the proposed *Wesselsheim Estate*. It does however not have sufficient road reserves in order to allow high traffic-densities. Alternative entry routes to new developments must be investigated. According to the Dihlabeng SDF Review (2010/2011) Baartman Street will not be permitted as feeder road to any large commercial developments in the area. *Buite Street* links from the *La Provance* residential area to the *Preekstoel road* and the proposed alignment of the *N5*.

According to the SANRAL (South African National Roads Agency Limited), the alignment of the N5 is considered imminent and final. The alignment of the *Preekstoel Road* links up with the *N5* and it is hence recommended that the location and alignment of the *Preekstoel Road* not be altered. The *N5* will be subject to design requirements and conditions as set by the *SANRAL*, with a building restriction of 90 meters from the centre line of the road.

The following map shows the proposed internal road alignment and is indicated for holistic planning purposes. Deviations will be assessed *in loco* and in accordance with the relevant circumstances. The proposed alignment was designed to follow cadastral boundaries so as to not impose unnecessarily on existing properties and potentially developable land. A road reserve of 25 metres must be maintained according to the SANRAL design requirements and conditions. Building line restriction is set at 10m from the road reserve.

These roads form important junctions and nodes, and where it is regarded as beneficial, neighbourhood centres may be developed at suitable locations. According to the Dihlabeng SDF Review (2010/2011) a maximum of two neighbourhood centres will be permitted for the area with a maximum GLA (Gross Leasable Area) of 4 000m$^2$ each.

*Figure 31: New Shopping Centre Development*
*Source: Own Creation (2013)*

### 7.3.1. Bethlehem Mall (Remainder of Erf 4095)

The site that they want to develop the Bethlehem Mall on consists of 10.41ha. The centre will consist of Ground level plus one and the total GLA 26059m² *(See Annexure C – Bethlehem Mall).* This centre is a future development. The developer (Ramascan Pty Ltd) has appointed Korsman and van Wyk Town Planners in Clarens to prepare and submit the necessary applications to rezone the property. This application has been submitted to Dihlabeng Local Municipality and the Department of Co-operative Government and Traditional Affairs (COGTA) for approval in June 2012. This is however a long process and the developers will continue the development of the shopping centre as soon as approval for the statutory application is received.

*Figure 32: Bethlehem Mall*
*Source: Bethlehem Mall - Site Development Plan Submission13 May 2010*

### 7.3.2. Dihlabeng Mall (Erf 3371 &Erf 4752)

Dihlabeng Mall in Bethlehem located near the Bethlehem opened on 28 March 2013. With several anchored national tenants such as Standard Bank, Truworths, Woolworths and Checkers It will carry through the existing look and feel of the previous as well as existing centres. Excellent facilities will be included, such as good restaurants, clothing and main anchor tenants. Its shoppers are sophisticated and its target market includes those in the top LSMs (Living Standards Measure). This centre can be classified as a Regional Shopping Centre (*See Annexure D – Dihlabeng Mall).*



*Figure 33: Dihlabeng Mall Bethlehem – Artist Sketch*
*Source: Tintswalo Development(2012)*

*Table 37: Dihlabeng Mall*

| Centre | Anchor tenants | Location | Nr of shops | Retail GLA | Classification |
|---|---|---|---|---|---|
| Dihlabeng Mall | Checkers, Pick 'n Pay, Woolworths, Foschini, Truworths, Reggies, Game, and Mr Price Group | Between the N5 and Preekstoel Road | 50 | 24,142m² | Regional Centre |

*Source: Media Release by Investec Property and Tintswalo Property Group, (2011)*

The property consist of 27 000m². A second phase, which will add a further 10 000m² to the development, is being considered, prompted by demand from retailers who are attracted by the facilities and the location.

According to Investec Properties Media Release on 24 May 2011 it is expected that a significant number of jobs with an estimated 500 during the construction period and another 300 permanent jobs once completed. The fully air-conditioned mall, which will include state-of-the-art security, has been designed with contemporary elements that are in sync with the environment. Parking will be available for 1 700 vehicles.



*Figure 34: Dihlabeng Mall Bethlehem – Parking area*
*Source: www.dihlabengmall.co.za*

*Figure 35: Dihlabeng Mall Bethlehem – Inside Mall*
*Source: www.dihlabengmall.co.za*



*Figure 36: Dihlabeng Mall Bethlehem – Before Opening Day*
*Source: www.dihlabengmall.co.za*

*Figure 37: Dihlabeng Mall Bethlehem – Layout*
*Source: www.dihlabengmall.co.za*

### 7.3.3. Gobbles Folley Proposed Development

The development of the third centre will take place on a Gobbles Folley, proper planning for the widening of Baartman Street and Buite Street must be done, as the current road capacity is barely sufficient for the residential area. However these two streets may not be used as a feeder road to the proposed Commercial portion of the development. The Preekstoel road is set out as the entry and exit points to proposed commercial developments. Mary Ann Local Spatial Development Framework was carefully planned in collaboration with owners, FSPG and consultants. The Mary Ann LSDF was approved by Council 11 November 2009 – Item 113/2009. The Mary Ann Development plan should be seen as a development node subject to the availability of services for the account of the developers. The whole purpose of the LSDF is to ensure proper planning and lower-density development to compliment the current high-value residential character of the La Provance area. This must be taken into account by any proposed developers.

### 7.4.    Commercial Assessment

In terms of foregoing information and data available the viability of a shopping centre can be determined based on the household income profile of the Dihlabeng Local Municipality. The aim of this assessment is to verify the potential of the shopping centre that is in process as well as the future commercial development that is planned in Bethlehem.

This assessment will integrate the buying power with demographic data to justify the development of new centres. The output of the assessment is the size of commercial development in terms of shopping centres.

### 7.5.    Per capita retail space

The viability approach assesses development potential from a demographic study of the trade area (Dihlabeng Local Municipality's) population and usually concludes a per capita retail floor area ration (square meter per capita), depending on the socio-economic classification of the trade area. The method is also very popular with town planning concerns in South Africa. Van Loggerenberg and Oosthuizen (1985) defined a per capita floor area ratio for different ethnic groups in South Africa, in 1985, as follows:

- White:  2.25 per capita
- Black:  0.57 per capita
- Asian:  1.08 per capita
- Coloured:      0.76 per capita

The above method of classification is unacceptable in a new demographic dispensation and has racial undertones which could be politicized. Kahn (1993) compiled a per capita floor area ratio for Pietermaritzburg, based on socio-economic groups, namely:

- High income:  1.85 m² per capita
- Middle income:      1.20 m² per capita
- Low income:      0.28 m² per capita

Prinsloo (1999) also suggested an "update" justifiable per capita retail floor area ratio for socio-economic groups for South Africa, namely:

- High income:  3.3 m² per capita
- Middle income:      3.0 m² per capita
- Middle low income:    2.7 m² per capita

- Low income: 0.7 m² per capita
- Very low income: 0.2 m² per capita

Town planning authorities utilize per capita retail floor area ratios for different central place classifications. Warrington (1997) suggested the following ratios:

- Town centres: 0.2 m² per capita
- Community centres: 0.2 m² per capita
- Corner shops: 0.05 m² per capita

The problem with the above per capita ratio approach is the generalization of socio-economic classification and hence accuracy. There are considerable variations in the degree of low and high income earners and per capita income within and between socio-economic groups and trade areas. A further limitation of the "ratio approach" is that a ratio for total justifiable retail areas is calculated and does not necessarily explain how the ratio should be applied to different centre types. Additional assessments of site and trade area specific conditions are thus required to determine application and which invariably includes a market share estimate.

The Dihlabeng Local Municipality community comprises of approximately 108 449 individuals and 31 836 households. The population of Dihlabeng Local Municipality comprises of African, Coloured, Indian and White population groups, with Africans representing 84% of the population and Whites 10%. The Coloured and Indian groups are currently the minority in Dihlabeng Local Municipality.

*Table 38: Race*

| Population Group | 2007 Community Survey | Percentage |
|---|---|---|
| African | 91 344 | 84 |
| Coloured | 6 049 | 5 |
| Indian | 90 | 1 |
| White | 10 966 | 10 |
| **Total** | **108 449** | **100%** |

*Source: Stats SA Community Survey 2007*

Van Loggerenberg and Oosthuizen (1985) defined a per capita floor area ratio for different ethnic groups in South Africa, in 1985, as follows:

Table 39: Van Loggerenberg and Oosthuizen (1985)

| Population Group | Population | Justifiable per capita retail floor area ratio - Van Loggerenberg and Oosthuizen (1985) | Retail GLA (m²) |
|---|---|---|---|
| White | 10 966 | 2.25 m² | 24 673 |
| Black | 91 344 | 0.57 m² | 52 066 |
| Asian / Indian | 90 | 1.08 m² | 97 |
| Coloured | 6 049 | 0.76 m² | 4 597 |
| **TOTAL** | **108 449** | | **81 433** |

The total retail space according to Van Loggerenberg and Oosthuizen (1985) method must be 81 433m² for Dihlabeng Municipality. The existing retail space already consist of 98 266m², therefore it can be concluded that there is a total of 16 833m² over supply.

## 7.5.1. Prinsloo's Method.

Table 40: Household Income – Dihlabeng. 2001

| Socio-Economic Group | Annual Household Income | 2001 (%) |
|---|---|---|
| Very low income | No income | 6461 |
| | R1 – R4 800 | 4541 |
| | R4 801 – R9 600 | 7589 |
| | R9 601 – R19 200 | 5897 |
| Low income | R19 201 – R38 400 | 3796 |
| Middle low income | R38 401 – R76 800 | 2351 |
| Middle income | R76 801 – R153 600 | 1689 |
| High income | R153 601 – R307 200 | 738 |
| | R307 201 – R614 400 | 197 |
| | R614 401 – R1 228 800 | 58 |
| | R1 228 801 – R2 457 600 | 59 |
| | R2 457 601 and more | 18 |
| Not applicable | Not applicable (institutions) | 79 |

*Source: Community Survey 2007 (Stats SA)*

Table 41: Socio-Economic groups and number of Households for Dihlabeng

| Socio-Economic Group | Annual Household Income | 2001 (%) | 2001 Number of Households |
|---|---|---|---|
| Very low income | No income – R19 200 | 73.16 | 24488 |
| Low income | R19 201 – R38 400 | 11.35 | 3796 |
| Middle low income | R38 401 – R76 800 | 7.02 | 2351 |
| Middle income | R76 801 – R307 200 | 5.05 | 1689 |
| High income | R307 201 and more | 3.19 | 1070 |
| Not applicable | | 0.23 | 79 |
| **TOTAL** | | **100** | **33473** |

*Source: Own creation (2013)*

It should, however, be noted that 73.16% of households earned less than R19 200.00 annually in 2001 and is therefore regarded as poor. Only 15.49% of households earned more than R38 401 annually in 2001. Most families in Dihlabeng are therefore dependent on low levels of income and do not have much disposable income available. According to the statistics laid out above, 42.2% of Dihlabeng Local Municipality's households can be regarded as poor.

According to Prinsloo (1999) the justifiable per capita retail floor area ratio for very low income is 0.2 square meters and 0.7 square meters for low income. The following table calculates the justifiable per capita retail floor area ratio for each socio-economic group according to Dihlabeng Local Municipality's statistics.

Table 42: Per Capita Retail Space

| Socio-Economic Group | 2001 (%) Households | Number of Individuals | Justifiable per capita retail floor area ratio - Prinsloo (1999) | Retail GLA (m²) |
|---|---|---|---|---|
| Very low income | 73.16 | 79341 | 0.2 m² | 15 868 |
| Low income | 11.35 | 12309 | 0.7 m² | 8 616 |
| Middle low income | 7.02 | 7613 | 2.7 m² | 20 555 |
| Middle income | 5.05 | 5477 | 3.0 m² | 16 431 |
| High income | 3.19 | 3460 | 3.3 m² | 11 418 |
| Not Applicable | 0.23 | 249 | - | - |
| **TOTAL** | **100** | **108 449** | **-** | **72 888** |

Source: Own Creation (2013)

The total retail space according to Prinsloo's (1999) method must be 72 888m² for Dihlabeng Municipality. The existing retail space already consist of 98 266m², therefore it can be concluded that there is a total of 25 378m² over supply.

### 7.5.2. Kahn's Method.

Kahn (1993) compiled a per capita floor area ratio for Pietermaritzburg, based on socio-economic groups, he stated that there are three socio-economic groups (high, middle and low) and the per capita retail space should be calculated as follows:

- High income:  1.85 m² per capita
- Middle income:      1.20 m² per capita
- Low income:      0.28 m² per capita

The following table calculates the justifiable per capita retail floor area ratio for each socio-economic group according to Dihlabeng Local Municipality's statistics.

Table 43: Socio-Economic groups and number of Households for Dihlabeng

| Socio-Economic Group | Annual Household Income | 2001 (%) | 2001 Number of Households |
|---|---|---|---|
| Low income | No income –  R38 400 | 84.51 | 28 284 |
| Middle income | R38 401 –   R153 600 | 12.07 | 4 042 |
| High income | R153 601 and more | 3.19 | 1 068 |
| Not applicable | | 0.23 | 79 |
| **TOTAL** | | **100** | **33 473** |

Source: Annual Household Income classification: Stats SA (2000)

Table 44: Per Capita Retail Space

| Socio-Economic Group | 2001 (%) Households | Number of Individuals | Justifiable per capita retail floor area ratio - Kahn (1993) | Retail GLA (m²) |
|---|---|---|---|---|
| Low income | 84.51 | 91 650 | 0.28 m² | 25 662 |
| Middle income | 12.07 | 13 090 | 1.20 m² | 15 708 |
| High income | 3.19 | 3 460 | 1.85 m² | 6 401 |
| Not applicable | 0.23 | 249 | - | - |
| **TOTAL** | **100** | **108 449** | **-** | **47 771** |

Source: Own Creation (2013)

The total retail space according to Kahn's (1993) method must be 47 771m² for Dihlabeng Municipality. The existing retail space already consist of 98 266m², therefore it can be concluded that there is a total of 50 495m² over supply.

## 7.6.    Per capita mall space

### 7.6.1.  ASIPAC on Demand and Supply

The latest per capita ratio approach states that demand is always limited, and an oversupply can be vital for property owners, investors and consumers. According to ASIPAC study on Demand & Supply of Mall Space in Mumbai Metropolitan Region (2011) the following table indicates the demand and supply in different countries in the world:

**Table 45: Per Capita Total Retail Space and Per Capita Mall Space**

| Country | Per Capita Total Retail Space (m²) | Per Capita Mall Space (m²) |
|---|---|---|
| Dubai | – | 2.35 |
| USA | 4.3 | 2.15 |
| Singapore | 1.5 | 0.66 |
| Australia, New Zealand | 2.2 – 2.8 | 0.51 – 0.63 |
| Sweden, Netherlands | – | 0.44 – 0.47 |
| UK | 1.6 – 1.7 | 0.36 |
| Hong Kong, South Korea | 1.3 – 1.5 | – |
| Japan | 1.1 – 1.2 | 0.35 |
| **South Africa** | **–** | **0.29** |
| Spain, France, Italy | – | 0.25 |
| Russia, Turkey, Belgium | – | 0.05 – 0.06 |

*The original Table was in square feet (sft)

*Source: Research Studies on MALLS IN INDIA - Demand & Supply of Mall Space in Mumbai Metropolitan Region (2011)*

Globally, there is broad consensus that the Per Capita Mall Space (PCMS) is in a huge oversupply position in markets such as Dubai, USA, China and Singapore. On the other hand, Japan, UK, Sweden, Netherlands, Australia and NZ are much better off with the PCMS ranging between 0.29m² – 0.63m².

According to the research done by ASIPAC there needs to be some correlation between the PCMS and the Per Capita Income in any market. So while 0.29m² of 0.30m² may not be considered as oversupply in Japan or the UK, the PCMS of 0.29m² in South Africa is definitely an over-supply position.

 *The whole population will be taken into account for this study although only a certain age group has influence in commercial structure.*

The following table indicates the per capita retail floor area ratio:

*Table 46: Per Capita retail floor area ratio*

| Market Area | Population | Retail GLA (m²) | Retail GLA / Capita |
|---|---|---|---|
| Dihlabeng Local Municipality | 128 929 | 98266 | 0.7621 |

*Source: Own Creation (2013)*

Bethlehem's shopping centres (mall) are used by residence from the whole of Dihlabeng Local Municipality, therefore when determining the per capita mall space (PCMS) one should take into account the whole market area.

Table 47: Current supply (Shopping Centres)

| Centre | Retail GLA (m²) |
|---|---|
| Metropolitan Life Centre | 13842m² |
| Bethlehem Maluti Square | 6096m² |
| Shoprite Centre | 4258m² |
| **TOTAL** | **24196m²** |

Source: Own Creation (2013)

Table 48: Per Capita Mall Space

| Market Area | Population | Mall GLA (m²) | PCMS |
|---|---|---|---|
| Dihlabeng Local Municipality | 128 929 | 24 196 | 0.1876 |

Source: Own Creation (2013)

Dihlabeng Local Municipality's current development stands at 0.19m² PCMS, thus 0.10m² per person lower than that of South Africa, therefore it can be concluded that there is a demand for 12892 m² more mall space in the Dihlabeng Local Municipality area.

### 7.6.1.1. Future Demand and Supply

Data is available for two of the three upcoming shopping centres, one cannot rule out the third shopping centre but the following data only makes use of the known data. The existing commercial development indicates that there is a demand for a new shopping centre, however with the planned and in process development there will be an oversupply within the next year (2014). This demand-supply ratio indicates that the commercial development of Bethlehem is unhealthy.

Table 49: Existing and upcoming supply

| Centre | Retail GLA (m²) |
|---|---|
| Existing Supply | 24 196 m² |
| Dihlabeng Mall | 24 142 m² |
| Bethlehem Mall | 26 059 m² |
| Gobbles Folley Development | ±4 000 m² |
| **TOTAL** | **78 397 m²** |

Table 50: Per Capita Mall Space (PCMS)

| Market Area | Population | Retail GLA (m²) | PCMS |
|---|---|---|---|
| Dihlabeng Local Municipality | 128 929 | 78 397 | 0.6080 |

This is an over-supply of 0.32m² retail spaces for every person in Dihlabeng area, an estimate total of 41 000m² GLA over-supply. The Retail GLA for this area is furthermore only on shopping centres in Bethlehem, no other retail or commercial development having been included. The Market area consist of 5 towns, each of these also consist of commercial areas although none of them have a shopping centre, their retail GLA cannot be overseen.

### 7.6.2. New Classification model

Prinsloo (2010) developed a model (See Chapter 3) that calculates ratios for different shopping centres. This model is based on the LSM (Living Standard Measure) groups and the classification of shopping centres for South Africa in different hierarchies. This model cannot be used to calculate the Retail GLA (m²) per person for Bethlehem based on the following reasons:

- LSM data availability:
  - According to SAARF (South African Advertising Research Foundation) only the following data is available:
    - Trend Booklet – Shows trended AMPSR data over a period of 5 years. Provides basic penetration data and has a section with all data by SU-LSMR;
    - Main AMPSR CD* – All AMPSR data by detailed media within each SU-LSMR (SU-LSM 1-4 grouped);
    - Branded AMPSR CD* – All AMPSR products by community size, province, literacy, household purchaser, life stage, metropolitan areas, gender, age, home language, population group, employment status, occupation, level of education achieved, household income, SU-LSMRs & the product itself• AMPS Online.
- Variety of Shopping Centres in Bethlehem:
  - The shopping centres in Bethlehem can be classified as follows:

*Table 51: Classification of Bethlehem's Centres*

| Centre | Classification |
|---|---|
| Metropolitan Life Centre | Neighbourhood Centre |
| Bethlehem Maluti Square | Neighbourhood Centre |
| Shoprite Centre | Local Convenience Centre |
| Dihlabeng Mall | Regional Centre |

## 7.7. Impact of commercial development

Shopping centres can create problems for surrounding properties, the attraction of visitors can be seen as the biggest problem. Visitors can see a new shopping centre as beneficial in terms of time and energy. A shopping centre can provide easy efficient activities, fast access to goods and services therefore the development is very substantial. Shopping centres existence contributes to the multiplier effect. Rahardjo (1982:36) agrees that some certain facilities need a centre facility. In other words, the presence of a shopping centre as a public facility is able to create other facilities and activities around it.

### 7.7.1. Value of Surrounding Residential Properties

According to Des Rosiers et. al (1996) the effect of both proximity and size of shopping centres on the value of surrounding residential properties. Des Rosierset. al (1996) stated that while the positive impact of shopping centre size on residential values is clearly demonstrated, this study brings forward enough empirical evidence to support the non-monotonicity of the price-distance relationship.

### 7.7.2. Environmental Impact

According to Casazza (1985: 31-32), the selection of the right site is crucial and that sites suitable for shopping centres are hard to find. The developer must ensure that the site that is chosen has a combination of good access and location, size, shape, drainage, topography, minimal soil complications, utilities, zoning, surroundings and environmental impact.

### 7.7.3. Impact on retailers

Ligthelm (2007) compiled a study investigating the impact of this new development on existing small informal retailers. He mentioned that the pre-1994 retail landscape in townships was dominated by small mainly informal businesses offering basic products and services to a relatively low income consumer market. These businesses served as convenience shops attracting only a small portion of consumer spending in township areas. The majority of township workers were involved in economic activities outside the townships with the most of their shopping being undertaken in the main city centres or at shopping malls at the fringes of townships

Ligthelm (2007) mentioned that distance of small retailers to shopping malls and effective customer service on a small dedicated assortment of merchandise may result in the survival of some of the small township retailers and spaza/tuck shops.

### 7.7.4. Impact on Traffic

A shopping centre provides a large amount of activities and therefore attracts a large amount of visitor from high middle and low classes and therefore vehicles such as taxi's, private cars and pedestrians this can cause a traffic jam. Beddington (1982:28) defines shopping centre as a group of shops consisting of outlet of shops which are bought or rented, whereas Hariyono (2002:19) says that shopping centre is a group of commercial or retail shop building which offers many comforts for the visitors. Shopping centre is usually completed with many facilities for recreation and community centre which are able to revive the city.

Taming (1996:2) argues that in order to get better solutions for the problems, the macro transportation system should be divided into smaller sub system including:

1. Need of transportation;
2. Media and infrastructure of transportation;
3. Engineering and management traffic; and
4. Institution.

### *Negative impacts*

The negative impacts can be summarized into three points

- o Drastic decline of the older centre;
- o Less mobile sections; and
- o Traffic congestion.

### *Positive impacts*

Three principal advantages of new retail facilities

- o Wider verity of shopping opportunities;
- o Refurbishment and revitalization of some traditional centres; and
- o Reduced congestion

## 7.8. Conclusion

Bethlehem has a well developed CBD and inner city, this retail structure is always changing and the advantages, in essence, derived from the sum of the agglomeration and transportation advantages. The commercial development of Bethlehem is changing dramatically with the planned development of three new shopping center (one of these three already opened in March 2013). The impact of this over supply according to different theories about retail and mall space ratios will be significant. The importance of the inner city and CBD must not be overlooked, the functions, especially retailing and commercial service activities are dynamic features.

## 8.1. Introduction

This chapter will investigate whether a new shopping centre in Bethlehem will be viable and sustainable. The retail studies of the three new proposed shopping centres in Bethlehem will be discussed. This chapter will also deal with the consumer and his/her opinion regarding the retail structure of Bethlehem and the possible success of a new shopping centre.



*Figure 38: Introduction diagram: Chapter 8*

## 8.2. Empirical study

The empirical study's main objective was to investigate the need for a regional shopping centre in Bethlehem, from the consumer's point of view.

### 8.2.1. Research design and method of study

The empirical study made use of quantitative research. Quantitative research is a process that is systematic and objective. This process uses numerical data from a selected subgroup of a universe (population) to generalise the findings of the universe that is studied (Maree & Pietersen, 2008:145). The population that was used in this study is the shoppers in the Metropolitan Centre. This research was conducted during August and September 2012.

### 8.2.2. Sampling method

A non-probability convenience sampling method was used to obtain the sample. Dihlabeng has a population of approximately 128 929 people. This does not, however, include the rest of the adjacent local municipalities with a population of approximately 570 558 people, all of them influencing the retail structure of Bethlehem. Added together, the Thabo Mofutsanyane District Municipality has an approximate population of 725 939 people.

Questionnaires were distributed to shoppers in the Metropolitan Centre at certain time frames *(See Chapter 1, Introduction).* The shoppers completed with guidance from trained helpers. This centre is visited by all the surrounding towns and therefore the sample may represent a variety of people in the population of the Thabo Mofutsanyane District Municipality. The sample can thus not be seen as representative of the population and generalization to the population should be handled with great caution, 120 questionnaires were distributed to the helpers and a total of 118 questionnaires were used in the statistics.

### 8.2.3. Development of the questionnaire

The questionnaire was developed by the School of Town and Regional Planning of the North- West University's Potchefstroom Campus. The questionnaire consisted of two sections, which consisted of categorical questions, open- and close-ended questions, as well as Likert scale- type questions.

Section A: This section captured questions relating to the respondents "socio-demographic profile, such as age, gender and number of people in the household.

Section B: This section dealt with questions regarding the behaviour and needs of the consumer, such as where they shop, how much time they spend shopping etc.

A pilot study was carried out to test the questionnaire on a small group of residents in Bethlehem consisting of ten people. This helped to determine any questions that had the possibility of being misunderstood and therefore helped the researcher to rectify these questions before the questionnaire was finally distributed.

### 8.2.4. Ethics

It was made clear to the respondents that this questionnaire was for the use of academic purposes only and that it was to be treated with confidentiality at all times. It was also made clear that any information that might be identified would NOT be made public. The respondents were under no obligation to the complete the questionnaire.

### 8.2.5. Data analysis

Microsoft® Excel® was used for the basic data capturing and SAS® for statistical analysis. The Statistical Services of the North-West University assisted in the process of analysing the data into relevant information regarding the empirical study.

### 8.2.6. Statistical analysis

The results from the statistical analysis were retrieved from the Statistical Consultation Services of the North-West University and discussed under two sections, namely the frequency analysis and descriptive statistics (Questions 1 to 15), and factor analysis (Question 10, 14 & 15).

**Definitions of terms used in this section**:

**Communality:** Communality is the proportion of a variable's variance that is common variance. If a variable has no unique variance, the communality is 1, whereas a variable shares none of its variance with any other have communality of 0 (Field, 2005: 726). Basically, communality is the proportion of common variance within a variable (Field, 2005: 653).

**Correlation matrix:** The correlation matrix is basically a table of correlation coefficients between pairs of variables (Field, 2005: 620). This matrix is useful when determining the relation between the variables and a preliminary search for multi co linearity (Field, 2005: 185). This basically shows how strong the relationships between pairs of variables are. KMO measure: The Kaiser-Meyer-Olkin (KMO)

**Covariance:** Co-variance measures the average relationship between two variables (Field, 2005: 727).

**Cronbach's alpha:** This is a measurement for reliability (Field, 2005: 667). Values around 0.7 and 0.8 are good, indicating good reliability/consistency of the factor (Field, 2005: 676).

**Factor analysis:** Factor analysis is a technique that identifies groups of variables. This analysis is sometimes used for the following cases: (1) understanding the structure of a set of variables, (2) constructing a questionnaire measuring an underlying variable; and (3) reducing a dataset to a more manageable size (Field, 2005: 619).

**Factor extraction:** In factor extraction, SPSS extracts all factors with a Eigen value higher than 1 (i.e. when the default method namely Kaiser's criteria is used to determine the number of factors), and the cumulative % of the Initial Eigen values needs to be higher than 50% to be considered an accurate representation of the dataset (Field, 2005: 652-653).

**Mean:** Mean is a simple statistical measure of the centre of a distribution of scores (Field, 2005: 738).

**Measure of Sample Adequacy** represents the ratio of squared correlation between variables to the squared partial correlation between variables (Field, 2005: 640). This basically tests whether there is enough data available for the factor analysis.

**Pattern matrix:** A pattern matrix is a matrix in factor analysis containing regression coefficients (correlation) for each variable on each factor in the data (Field, 2005: 740).

**Standard deviation:** According to Field (2005: 745), standard deviation is an estimate of the average variability (spread) of a dataset with the same measurement units as the original data. It is the square root of the variance. Variance and standard deviation relate to the accuracy of the mean of a dataset. If the mean of a dataset represents the data well, then the standard deviation will be small relative to the mean (Field, 2005: 10).

**The 'Cronbach's Alpha if Item deleted':** shows the values of the overall alpha if that item was not included in the calculation. These values should be close to the value of the original alpha value, indicating that if any one of the items is deleted, it would not make the test more reliable. If Cronbach's Alpha value increases considerably when

the item is deleted, that item should be excluded from the factor to make the factor more reliable (Field, 2005: 672-673).

**Variance:** Variance is an estimate of the average variability of a dataset (Field, 2005: 748).

## 8.3. Frequency analysis and descriptive statistics

### Question 1: Gender

The gender profile for the respondents basically consists of 66.10% female and 33.90% male respondents. More women were thus included in the sample.

### Question 2: Year born

From the results of the questionnaire, it was clear that the mean of the study population was born in 40 years of age. As can be seen from the results, a percentage of the respondents worth mentioning are between ages 30-48. This indicates that the majority of the sample is around the age of 30-48 years. The sample consists mostly of people in their middle years.

### Question 3: Home language

It is clear from the results that 70.94% of the respondents are Afrikaans speaking, indicating that this sample mainly speak Afrikaans. A total of 11.97% speaks English and 10.26% Sesotho. The remaining 6.83% speaks other languages.

### Question 4: Marital status

55.93% of the respondents are married or living together. This indicates that these respondents are dependent on someone, or has people dependent on them 27.12% of the respondents are single, and 7.63% are divorced. The large number of married people indicates households that are dependent on basic needs.

### Question 5: How many people (including yourself) does your household consist of?

Regarding household size, the highest frequency occurred for households with three or four persons (44.44%). Following on this number, 23.93% of households consist of two people and 13.68% consist of one single person. These numbers indicate that the sample consisted of large families that need to be fed and clothed, by means of shopping for groceries or clothing and supplies.

*Question 6:  What is your current occupation?*

51.72% of the respondents have a fixed occupation, indicating that there is a fixed income every month. 12.93% of the respondents are housewives. This indicates that the respondents with the fixed occupation are responsible for the money that is provided every month for shopping.

*Question 7:  Where do you live?*

77.97% of the respondents are residents of the town Bethlehem itself. Following on that are Reitz (7.63%) and Clarens (6.78%). This indicates that the majority of the respondents in the sample live in Bethlehem, or in the adjacent towns.

The distance over which customers are drawn to the centre is defined as the "Range of the Centre" and the intensity as the "Market Penetration". The variations in intensity can be utilized to demarcation primary, secondary and tertiary trade areas or zones. The primary trade area reflects that area over which the facility has a clear distance advantage over competitors and draws up to 60 percent of visitors (in this case almost 80%), the secondary market is a transition zone shared with nearby competitors and contributes 20-30 percent of visitors (in this case 20%), whilst the final trade zone is that of the tertiary market which comprises the percentage of visitors shared with other distant markets which thus contributes 10-20 percent of visitors (In this case – not represented).

*Question 8: If your answer to nr. 7 is Bethlehem, what is the name of the suburb where you reside?*

It can be seen from the table that the majority of the respondents live in Panorama (12.63%), Bergsig (10.53%), Bethlehem West and Bohlokong (8.42% each) and Eureka (7.37%). This shows (together with the rest of the results), that there respondents are varied across several neighbourhoods in Bethlehem, which may indicate a good representation of the population.

*Question 9:   How often do you visit a shopping centre?*

25.42% of the respondents indicated that they visit a shopping centre about two to three times a month, 22.03 % indicated that they visit a shopping centre once a week, and 17.80% of the respondents indicated that they visit a shopping centre once a week. This indicates that more than 50% of the population most likely visit a shopping

centre at least more than once a month. This shows that the respondents regularly visit a shopping centre to fulfil their basic needs.

***Question 10:  On a scale of 1 to 4, what is the reason for your visit to a shopping centre?***

Respondents had to rank how often a particular type of store is the reason for them visiting a shopping centre. They had to choose between the option s "1 - Never", "2 - Sometimes", "3 - Regularly" and "4 - Always". The reasons why people visit a shopping centre have been tabulated as follows:

*Table 52: Reasons why people visit a shopping centre*

| Reason for visiting a shopping centre | Response with the highest frequency | Mean |
|---|---|---|
| 10.1 Grocery shopping | Always (59.32%) | 3.4 |
| 10.2 Clothes shopping | Always (35.90%) | 2.9 |
| 10.3. Home ware or decor | Sometimes (46.55%) | 2.1 |
| 10.4 Restaurants or Coffee shops | Regularly (35.65%) | 2.5 |
| 10.5 Entertainment facilities | Sometimes (30.77%) | 2.3 |
| 10.6 Furniture or appliance stores | Never / Sometimes (35.90% each) | 1.9 |
| 10.7 Hardware stores | Never (39.32%) | 1.9 |
| 10.8 Beauty or health stores | Sometimes (34.78%) | 2.1 |
| 10.9 Specialty Stores | Sometimes (37.61%) | 2.2 |
| 10.10 Service Stores | Sometimes (43.10%) | 2.2 |
| 10.11 Pay Accounts | Sometimes (31.62%) | 2.1 |
| 10.12 Browse | Never (35.04%) | 2.2 |
| 10.13 Meet Friends | Never (31.58%) | 2.4 |

*Source: Statistical Analysis of Questionnaires*

As can be seen from the above table, the reason why shopping centres are visited regularly is for grocery and to clothes shopping. The reason why the respondents visit shopping centres sometimes is for: home ware or decor shopping, entertainment facilities, furniture or appliance stores, beauty and health stores, speciality stores, service stores and pay accounts.

The standard deviation for each of the questions gives an indication of the variability of the responses. If the standard deviation is small relative to the mean, the mean can be considered as reliable.

***Question 11: Approximately how much time do you spend shopping per week?***

39.83% of the respondents indicated that they spend approximately one to two hours shopping a week, with 29.66% of the respondents indicating that they spend three to

five hours a week shopping. This indicates that about half of the sample spends more than an hour a week shopping.

### Question 12: Preferred business hours of shopping centres?

44.92% of the respondents stated that they would prefer shopping hours to be from 09:00 – 18:00, and 24.58% preferred shopping centres business hours to be from 10:00 – 19:00.

### Question 13: Evaluate the existing shopping centre in Bethlehem by means of the following

1. Have you experienced power failure in your shopping centre?
   65.25% of the respondents stated that they have not experienced power failures.
2. Is your shopping centre equipped for power failure?
   62.93% of the respondents stated that their shopping centres is equipped

### Question 14: On a scale of 1 to 4, mark your need for the following stores in a shopping centre:

Respondents had to rank their need of particular type of store in a shopping centre. They had to choose between the options "1 – Not important", "2 - Less important", "3 - Important" and "4 – Very important". The need for certain stores in a shopping centre has been tabulated as follows:

*Table 53: Need for certain types of stores*

| Reason for visiting a shopping centre | Response with the highest frequency | Mean |
|---|---|---|
| 14.1. Specialty stores | Important (41.03%) | 2.7 |
| 14.2. Clothing stores | Important (39.83%) | 3.1 |
| 14.3. Furniture stores | Important (35.90%) | 2.5 |
| 14.4. Décor & Interior stores | Important (37.29%) | 2.6 |
| 14.5. Hairdresser | Important (42.37%) | 2.7 |
| 14.6. Beauty stores | Important (35.59%) | 2.5 |
| 14.7. Health stores | Important (39.47%) | 2.6 |
| 14.8. Pet shops | Less Important (35.90%) | 2.0 |
| 14.9. Jewellery & accessories stores | Important (41.03%) | 2.5 |
| 14.10. Take away food stores | Important (51.28%) | 3.1 |
| 14.11. Coffee shops | Very Important (38.98%) | 3.1 |
| 14.12. Footwear stores | Important (49.15%) | 2.9 |
| 14.13. Stationary stores | Important (46.61%) | 2.6 |
| 14.14. Book stores | Important (42.37%) | 2.4 |
| 14.15. Card shops | Less Important (37.29%) | 2.1 |
| 14.16. Gifts stores | Important (41.53%) | 2.4 |

| Reason for visiting a shopping centre | Response with the highest frequency | Mean |
|---|---|---|
| 14.17. Camera stores | Less Important (36.44%) | 2.3 |
| 14.18. Electronic stores | Less Important (32.20%) | 2.5 |
| 14.19. PC stores | Important (33.05%) | 2.5 |
| 14.20. Cell phone stores | Important (41.38%) | 2.6 |
| 14.21. Grocery or supermarket stores | Very Important (75.42%) | 3.6 |
| 14.22. Antique stores | Not Important (42.37%) | 1.8 |
| 14.23. Art stores | Not Important (42.37%) | 1.9 |
| 14.24. Department Stores | Less Important (41.88%) | 2.3 |
| 14.25. Luggage & Leather stores | Less Important (37.29%) | 2.1 |
| 14.26. Outdoor gear stores | Important (35.59%) | 2.4 |
| 14.27. Sport stores | Important (44.07%) | 2.6 |
| 14.28. Eyewear & optometrists | Important (44.92%) | 2.5 |
| 14.29. Flowers stores | Important (36.75%) | 2.3 |
| 14.30. Restaurants | Very Important (50.43%) | 3.2 |
| 14.31. Movie stores | Very Important (45.30%) | 3.1 |
| 14.32. Music stores | Very Important (36.44%) | 2.9 |
| 14.33. Entertainment stores | Important (34.75%) | 2.9 |
| 14.34. Hobby stores | Important (40.52%) | 2.4 |
| 14.35. Toy stores | Important (32.76%) | 2.1 |
| 14.36. Educational stores | Important (36.52%) | 2.3 |
| 14.37. Sweets, ice cream & confectionary stores | Important (44.44%) | 2.8 |
| 14.38. Banks & financial services | Important (38.14%) | 3.0 |
| 14.39. Fabric & sewing stores | Important (33.05%) | 2.0 |
| 14.40. Liquor stores | Less Important (33.62%) | 2.4 |
| 14.41. Deli & bakery | Important (40.87%) | 2.8 |
| 14.42. Butchery | Important (39.66%) | 2.8 |
| 14.43. Medical services | Important (40.17%) | 2.6 |
| 14.44. Estate agents | Less Important (38.98%) | 1.9 |
| 14.45. Travel agents | Not Important (35.59%) | 2.1 |

*Source: Own Creation*

*Question 15: Evaluate the existing shopping centres in Bethlehem on a scale from 1 to 4 by means of the following questions:*

Respondents had to rank the following questions by choosing between the options "1 – Not at all", "2 –In a Small Degree", "3 –To a Larger Degree" and "4 – Completely".

*Table 54: Evaluation of existing shopping centre in Bethlehem*

| Reason for visiting a shopping centre | Response with the highest frequency | Mean |
|---|---|---|
| 15.1. Do the shopping centres in Bethlehem cater for your shopping needs? | To a Larger Degree (49.15%) | 2.8 |
| 15.2. Are shopping centres in Bethlehem easily accessible? | To a Larger Degree (49.15%) | 2.8 |
| 15.3. The location of your shopping centre in relation to public transport? | To a Larger Degree (48.31%) | 2.9 |

| Reason for visiting a shopping centre | Response with the highest frequency | Mean |
|---|---|---|
| 15.4. Do the existing shopping centres satisfy the need for parking? | To a Larger Degree (44.07%) | 3.0 |
| 15.5. Is there efficient facilities? (Toilets, Wheelchair Friendly) | To a Larger Degree (48.31%) | 3.0 |
| 15.6. Technical aspects of centres (Such as quality of finishing, access to plug points, heating system, air-conditioning, access to wireless)? | To a Larger Degree (47.01%) | 2.8 |
| 15.7. Exterior architecture and façade design of the shopping centre? Interior design and public areas (fountains, benches)? | To a Larger Degree (38.14%) | 2.7 |
| 15.8. Do you think there is a need for another shopping centre in Bethlehem? | Completely (56.78%) | 3.4 |

*Source: Statistical Analysis of Questionnaires*

Only 49.15% of the respondents feel that the shopping centres in Bethlehem cater to their requirements to a larger degree. 44.07% of the respondents indicated that parking needs are satisfied at shopping centres to a larger degree. 56.78% of the respondents feel that there is definitely a need for another shopping centre in Bethlehem.

The standard deviation for each of the questions gives an indication of the variability of the responses. If the standard deviation is small relative to the mean, the mean can be considered as reliable.

***Question 16: In your opinion, to what degree will each of the following locations be suitable for a new shopping centre? Where do you think a new shopping centre should be located in Bethlehem?***

Respondents had to rank the following locations by choosing between the options "1 – Not at all", "2 – In a Small Degree", "3 – To a Larger Degree" and "4 – Completely".

*Table 55: Evaluation of existing shopping centre in Bethlehem*

| Reason for visiting a shopping centre | Response with the highest frequency | % of respondents | Frequency |
|---|---|---|---|
| 16.1. Between Bethlehem and Reitz (alongside the R26) | To a Larger Degree | 34.19 | 40 |
| 16.2. Alongside the N5 on the way to Clarens | To a Larger Degree | 40.17 | 47 |
| 16.3. Alongside the N5 on the way to Bloemfontein | To a Larger Degree | 32.48 | 38 |
| 16.4. More Central to town | To a Larger Degree | 29.91 | 35 |

*Source: Own Creation*

**8.3.1.** Factor Analysis

**A factor analysis was done for Question 14 to determine how the types of stores and the need for them clustered. These groups of stores (factors) could then be ranked to determine what groups of stores were needed mostly in Bethlehem.**

**The principal axis factoring method of SPSS was applied using Oblimin rotation. Using Kiaser's criteria, seven factors were extracted which explained 60.08% of the total variance. Recall that if more than 50% of the total variance is explained the factor analysis is considered appropriate. A factor analysis extracting eight factors explained 63.38% of the total variance. The seven factor analysis made theoretically the most sense and will be discussed further.**

**The factor analysis for Question 14 revealed the following results:**

**The Kaiser-Meyer-Olkin Measure of Sample Adequacy was 0.755, indicating that there was not enough data to make this analysis accurate, as the value needs to be > 0.8. Bartlett's Test of Sphericity had a p-value of < 0.001. As this value needs to be < 0.05, this test proved that there is enough correlation between the items for factor analysis to be appropriate.**

**The communalities are higher than 0.3 for all items, indicating that the variance of all items are sufficiently explained by the extracted factors.**

**This above table can be grouped into different factors. The following table reflects the different types that cluster together. The Cronbach's Alpha values are also reported as follows:**

*Table 56: Grouped factors*

| Factor | Types | Cronbach's Alpha |
|---|---|---|
| Entertainment | 14.10. Take away food stores<br>14.11. Coffee Shops<br>14.30. Restaurants<br>14.31. Movie Stores<br>14.32. Music Stores<br>14.33. Entertainment Stores | 0.87 |
| Service stores and Agents | 14.38. Banks and Financial Services<br>14.43. Medical Services<br>14.44. Estate Agents<br>14.45. Travel Agents | 0.76 |
| Health, Beauty, Luxury | 14.2. Clothing Stores | 0.69 |

| Factor | Types | Cronbach's Alpha |
|--------|-------|------------------|
| and Décor | 14.3. Furniture Stores<br>14.4. Décor & Interior Stores<br>14.5. Hairdresser<br>14.6. Beauty Stores<br>14.7. Health Stores<br>14.9. Jewellery & Accessories Stores<br>14.12. Footwear Stores | |
| Technical and outdoor | 14.17. Camera Stores<br>14.18. Electric Stores<br>14.19. PC Stores<br>14.20. Cell Phone Stores<br>14.26. Outdoor gear Stores<br>14.27. Sport Stores | 0.87 |
| Occasional Stores | 14.13. Stationary Stores<br>14.14. Book Stores<br>14.15. Card Stores<br>14.16. Gift Stores<br>14.34. Hobby Stores<br>14.35. Toy Stores<br>14.36. Educational Stores<br>14.39. Fabric and Sewing Stores | 0.85 |
| Grocery Stores | 14.21. Grocery or Supermarket Stores | Could not be calculated on one item. |
| Food and Beverage | 14.37. Sweets, ice-cream & confectionary Stores<br>14.40. Liquor Stores<br>14.41. Deli & Bakery<br>14.42. Butchery | 0.71 |

*Source: Statistical Analysis of Questionnaires*

According to Field all the features could be regarded as reliable because the Cronbach's Alpha values are all above 0.7.

The following stores were did not cluster into any specific factor as named in the above table:

- 14.1. Speciality Stores;
- 14.22. Antique Stores;
- 14.23. Art Stores;
- 14.24. Department Stores;
- 14.28. Eyewear & Optometrist; and
- 14.29. Flower Stores.

As can be seen from the following table, Groceries were the most important reasons for visiting this shopping centre (mean 3.6, which means on the four point scale almost all marked "Very Important" the factors can be ordered in terms of importance of need using the mean.

*Table 57: Importance of Factors*

| Importance | Factor | Mean |
|---|---|---|
| 1 | Grocery Stores | 3.6 |
| 2 | Food and Beverage | 2.7 |
| 3 | Entertainment | 2.6 |
| 4 | Health, Beauty, Luxury and Décor | 2.6 |
| 5 | Service stores and Agents | 2.4 |
| 6 | Technical and outdoor | 2.4 |
| 7 | Occasional Stores | 2.2 |

## 8.4. Conclusion

From an economical perspective, the proposed development of a regional shopping centre can be viewed as viable, with the required critical mass to render the overall development feasible. It can be concluded from the above arrangement that a need for a grocery or supermarket stores is the most important factor in a shopping centre development to the population. Following this are services; food & beverage; entertainment; health, beauty, luxury and decor; Service stores and agents; technical and outdoor and the least needed factor is stores grouped under the occasional factor.

The development of new shopping centres in Bethlehem will have several advantages for the local community, as well as the municipality:

- It will address the gap in retail nodes for convenience, daily necessities and retail goods, and will thereby address the leakage of purchase power from the market.
- It will contribute to the creation of an attractive and well-balanced retail environment.
- Projects such as mixed-use developments and retail/shopping centres will contribute to the expansion of the municipality's tax-base.
- Investments will increase the product line and service range within the market of Bethlehem and improve the overall quality of lives (Demacon, 2007: 84-85).

Basic conclusions were made in terms of the questionnaire, the descriptive statistics and frequencies, as well as the factor analysis.

## 9.1. Introduction

This chapter concludes the study of Commercial Development in Smaller Towns by focusing on guidelines and recommendations for developers during the market research and planning stage.

Dawson (1983:55) describes the planning stage as an "evolutionary" exercise and "balancing act" with the developer at the centre of the process and concludes that: "This stage is usually the longest, and most complex and critical of the entire process, during this stage decisions are made which will affect the social and commercial success of the development."

The research findings of this study highlighted trade area demarcation and established that the shopping centre development in Bethlehem will be an oversupply. This according to the relationship between household income and per capita Mall space.
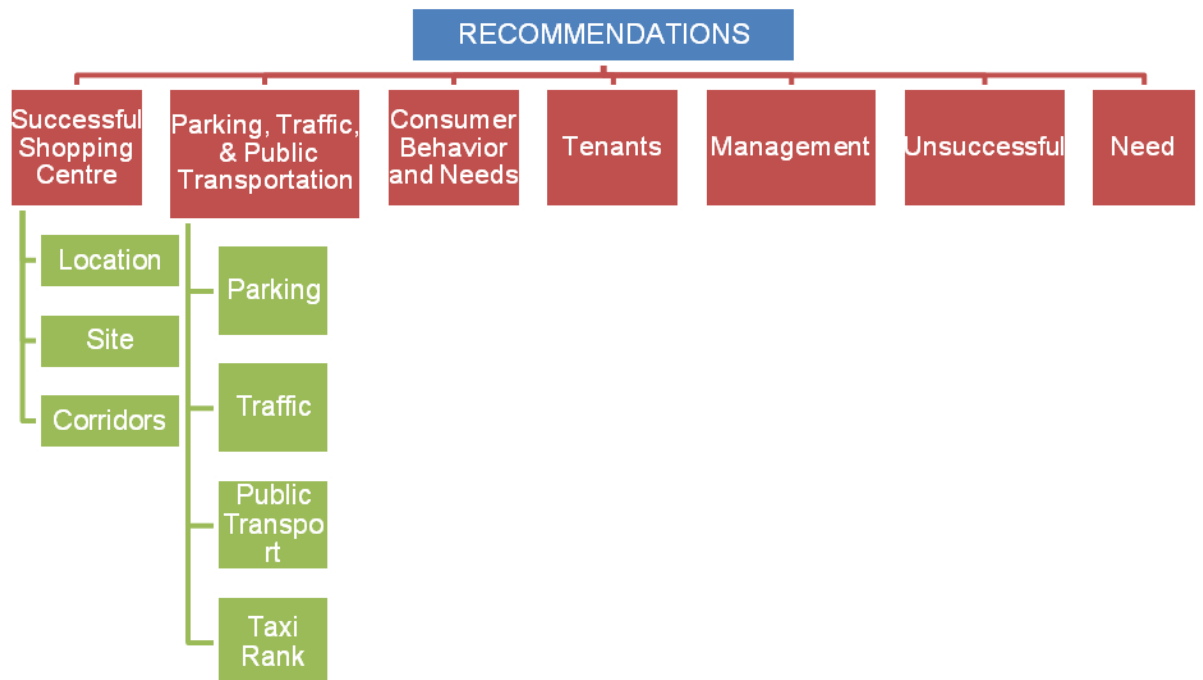


*Figure 39: Introduction diagram: Chapter 9*

### 9.2. Recommendations for a successful shopping centre

Gruen and Smith (1960:110) state that for a shopping centre to be successful, it must be a carefully planned organism. It is therefore evident that if future enlargement is envisaged, it should already be provided in the initial planning effort. Planning for future growth has two situations: (1) planning for expansion, and (2) planning for development in stages.

1. Planning for expansion: In the most cases, the entire centre is leased and constructed in one operation and all the essential elements for a complete centre are built. An opportunity for expanding individual stores/adding of new stores is created as part of the original plan, but only utilised in the future.

2. Planning for development in stages: In this case, only a portion of the ultimate plan is carried out. Only some of the major elements of the final plan are executed. Definite intention and tentative time schedules exist for adding more leasing and construction stages.

Casazza et al. (1985: 143) indicated that a good working relationship with the township, county and authorities can help turn a developers dream into a reality. They also mention that if you can anticipate potential competition, it can prevent the realisation of possible competition. It is also advantageous to build retail facilities on a human scale, as wasted space can result in adverse economic condition over the short and long term. The size of the population should be able to have the buying power to shop in these areas. The highway patterns should also be able to handle the amount of traffic that must frequent the centre for support.

### 9.2.1. Location

It is recommended that regional shopping centres are closely located, or adjacent to some residential areas and major transport roads. This is because the access to the shopping centres should be convenient and easy to find by the shoppers. Therefore, the developer should ensure that when he is selecting a site, it should have a good combination of the following: (1) good and easy access, (2) optimal location and catchment area, (3) reasonable size, (4) reasonable shape, (5) relative flat and plain topography, (6) minimal environmental impact, and (7) surroundings that are in accordance with a shopping centre.

### 9.2.2. Site

The site must meet the following standard requirements in all of the above-mentioned cases to be completely successful:

- The site should be located in the general area that was established by the economic survey as most desirable.
- The site must be owned or controlled by the developer, or in the case of acquisition, it must be feasible.
- The cost of the land must be in relation with the over-all economic considerations.
- The zoning of the site must permit the usage for shopping centre purposes, or likelihood that rezoning can be achieved.
- Sufficient land must be available for the construction of facilities that meet the sales potential.
- The shape of the site must be feasible for advantageous planning.
- The land must be in one piece, free of major waterways, intervening roadways, rights-of-way etc. that would cause development in separate portions.
- The physical characteristics of the land must allow for advantageous planning and realistic economic construction.
- The accessibility and surrounding road pattern of the land must allow for full utilisation of the projected centre's business potential
- There must be the possibility that the shopping centre will be visible from major thoroughfares.
- Surrounding land uses should be free of competitive developments, compatible with the operation, and should offer contributing and enhancing characteristics (Gruen & Smith, 1960: 38).

### 9.2.3. Corridors

The successfulness of corridors can be drawn from the fact that they should have strong forces of attraction. Situating a shopping centre along a major corridor makes it all the more powerful. The corridor has relationships in the corridor itself, as well as with the rest of the urban area (Marrian, 2001: 12-13).

### 9.2.3.1. Services

- Lifts should be provided in a car park when there are more than two floors, as well as emergency staircases.

- Pedestrian paths in car parks should be provided, as they prevent unnecessary accidents.

- Ramped malls easily tire shoppers; therefore a level mall floor is more important and comfortable (Simpson, 1972: 86) & (Wakefield, 1972: 182).

### 9.2.3.2. Attractions

- One of the biggest attractions of a shopping centre is the major department store, with clothing stores and supermarkets following.

- Other generators in a shopping centre include larger fashion shops, furniture stores, large restaurants, supermarkets, post offices, banks, libraries, markets and personal self-service shops.

- Speciality shops occupying standard units and selling items such as jewellery, shoes, clothing, leather goods, gifts, lingerie, fashion, electrical appliances, stationary, books and records do not have the ability to generate traffic by themselves. They do, however, attract shoppers, and with their lower overheads and high profit margins they are able to pay the rent (Darlow, 1972: 15, 17).

### 9.2.3.3. Layout and dimensions

The most successful layouts are usually the simple ones, which are I-, T- and L-shaped layouts. Parallel and other complex layouts have been unsuccessful (Stockil, 1972: 53).

### 9.2.3.4. Facilities

- The social focus of the centre should be sitting-out areas. It should be designed in such a manner that it does not encourage long-term parkers, but is still an important attraction.

- An important feature is a play area for children, with a few mechanical toys and play cubes and play sculptures, all under supervision of an adult. This

enables the parents to do their shopping without worrying about their children (Stockil, 1972: 58).

### *9.2.3.5.    Kiosks and vending machines*

- Free-standing kiosks in centres attract retailers such as tobacconists, newsagents, florists, souvenirs, crafts etc.
- Vending machines can also provide revenue for the centre, and can be placed along blank walls or unusable corners of the shopping centre. Vending machines can provide cigarettes, cool drinks etc. (Stockil, 1972: 60).

### *9.2.3.6.    Furniture and fittings*

- Plastic plants should be avoided in a landscaped area of the centre.  Live plants need plenty of attention, but the result is worth the effort.
- Sculptures also create a visual impact in the mall, but care should be taken that the sculpture relates to the scale of the centre itself.
- Open fountains also create atmosphere in a centre, but tend not to be vandal proof and should be maintained constantly.
- An essential feature in a centre is background music.
- Shop location boards should be placed at entrances and at central areas, in shopping centres with more than 50 shops, to enable the shopper to locate shops quickly (Stockil, 1972: 60-61).

## 9.3.    Parking, traffic & public transportation

### 9.3.1.  Parking

Parking should be carefully planned, as this will sometimes determine whether the shopping centre will be successful. Separate parking areas should be available for shoppers and employees, as well as different charging systems. Parking should be provided on site, off site (when it is not a large site), and underground. Most important is that enough parking should be available, and the distances to walk from the parking to the shopping centre should be a reasonable distance. Entrances to and exits from the shopping centre should be planned to ensure easy travelling and efficiency (Simpson, 1972: 80-84).

Van Zyl et al.(1985) stated in their Parking Standards the following parking requirements for Shopping Centres

Neighbourhood (<5 000 m²)          7 spaces/100 m² GLA

Community (5 000 - 15 000 m²)    6 spaces/100 m² GLA

Regional (>15 000 m²)                  5 spaces/100 m² GLA

Hypermarket                                  7 spaces/100 m² GLA

## Off-street parking

The following tolerances must therefore be added to the design vehicle ^ in determining off-street parking bay dimensions, as illustrated in Figure below.

- Lateral clearance distance of 0,7 m between parked vehicles.
- Longitudinal clearance of 0,2 m between parked vehicle and the end of the bay.

This results in a proposed general 90° bay size of 5,0m in length and 2,5 in width. These are also very convenient dimensions to work with when planning a parking area. A parking bay next to a wall should however be 0,35 m wider to allow for the opening of doors, resulting in a bay size of 5 m in length and 2,85 m in width. The width of the demarcation lines is on average 100 mm. Although the bay is still 2,5 m wide between centre lines, the argument is that the driver parks more centrally in the bay. This practice has definite advantages where the bay width is increased to facilitate door-opening for shoppers (with parcels in their hands) or handicapped persons.
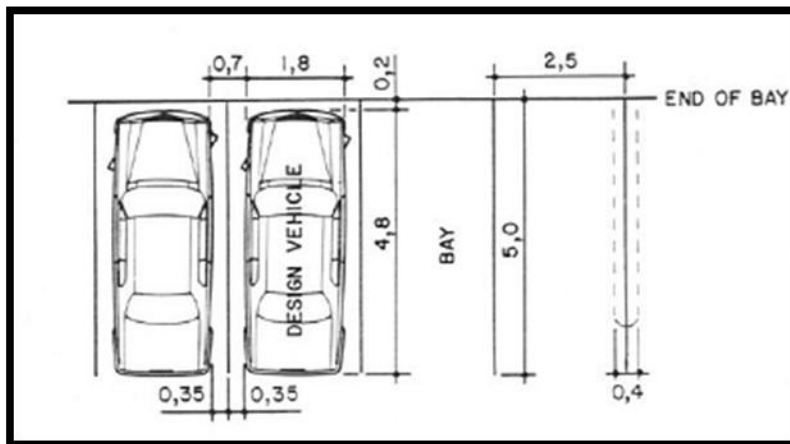


*Figure 40: Demarcation lines for Parking*
*Source: Van Zyl (1985)*

## Determination of bay width for different parking angles

With the standard parking bay width known, the width parallel to the end-of-bay line can be determined for different angles. The following table shows the various bay widths for 45°, 60° and 90° parking angles, and the following figure explains the symbols used.

*Table 58: Bay Width*

| Parking Angle | Bay Depth |
|---------------|-----------|
| 90° | 2.5 m |
| 60° | 2.9 m |
| 45° | 3.5 m |

*Source: Van Zyl (1985)*
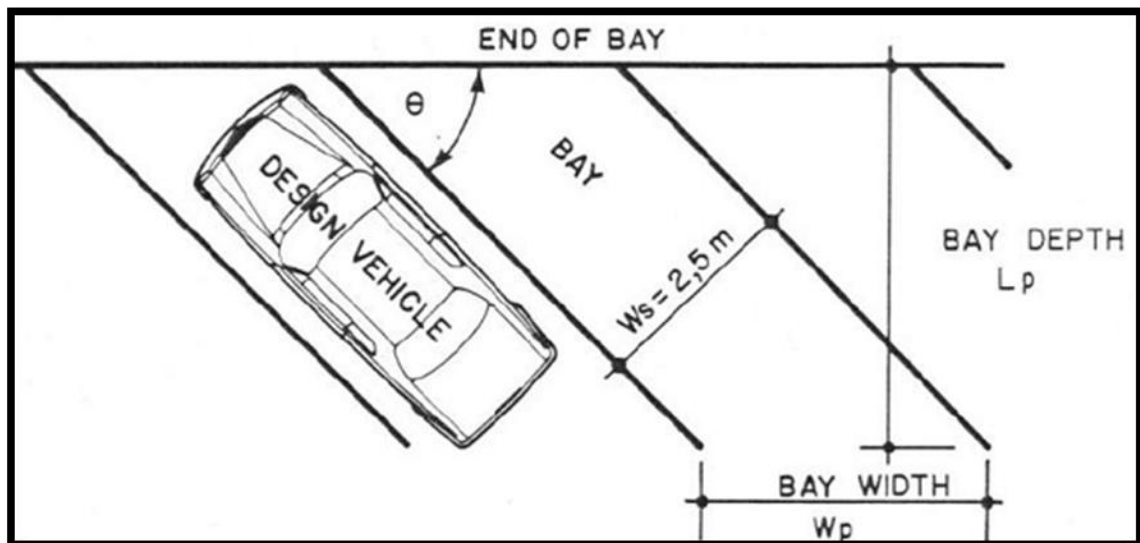


*Figure 41: Parking Symbols Used*
*Source: Van Zyl (1985)*

## Determination of bay depth for different parking angles

- **No interlocking**

  The bay depth perpendicular to a wall or the end -of-bay line for different parking angles, as shown in following figure, is usually determined by rotating the parking bay. This results in a fairly large safety factor especially at certain parking angles. A more precise calculation can however be done by rotating the design vehicle to determine the bay depth at various angles and then adding a clearance of 0,2 m to the length, as previously mentioned. In this way the bay depth is less than when calculated from parking bay dimensions.

Table 2 shows the various bay depths at the different angles where vehicles are par ked between two walls and no interlocking is possible.

*Table 59: Various Bays*

| Parking Angle | Bay Depth |
|---|---|
| 90° | 5.0 m |
| 60° | 5.3 m |
| 45° | 4.9 m |

*Source: Van Zyl (1985)*

- **Vehicles allowed to interlock**

Significant savings in space can be achieved in an open parking lot or garage where the parking angle is less than 90° if vehicles are allowed to interlock as indicated in the following figure.



*Figure 42: Parking Angle less than 90°*
*Source Van Zyl (1985)*

*Table 60: Parking Angle*

| Parking Angle | Bay Depth |
|---|---|
| 90° | 5.0 m |
| 60° | 4.8 m |
| 45° | 4.2 m |

*Source: Van Zyl (1985)*

### 9.3.2. Traffic

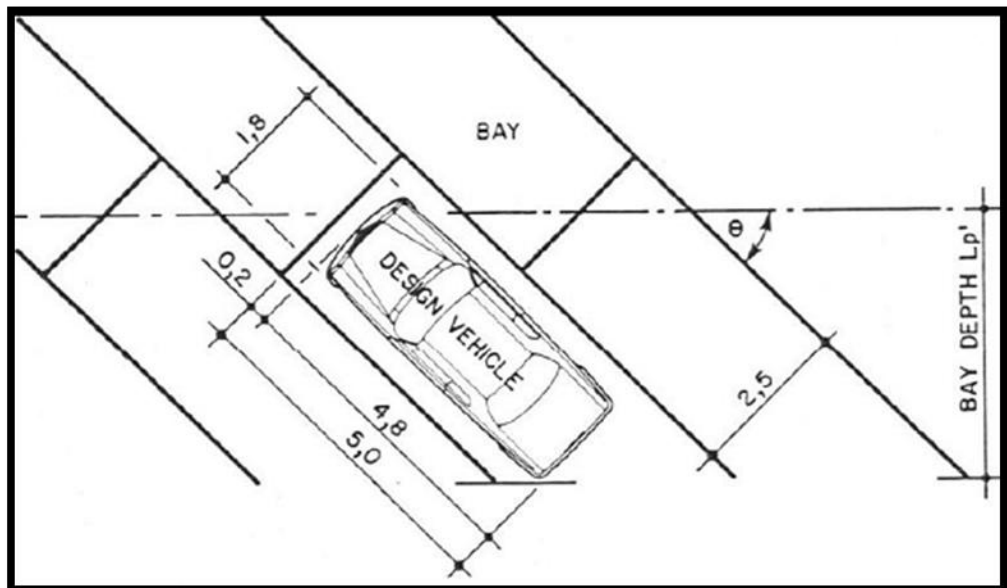The various traffic types should be separated from each other. This will make shopping centres more convenient and attractive to visit. Separate entrances for different types of vehicles (delivery vehicles, public transport, shoppers, and employees) will also minimise congestion and improve the security of the shopping centre (Simpson, 1972: 74).

### 9.3.3. Public transport

The successfulness of a shopping centre also depends on the accessibility of the public transport system. Therefore, there should be closely located bus and taxi services (Simpson, 1972: 75).

### 9.3.4. Taxi rank

There is a need for a taxi rank at a shopping centre, this is unique to South Africa. Taxi-rank environments are places of high pedestrian traffic and must be robust as 'wear and tear' on buildings could be high, in particular with respect to garbage generated by the shoppers, who unfortunately do not yet seem to have grasped the essence of utilizing dustbins.

One of the more unique features at a taxi-rank, addressing the possible abuse of public toilers, is the informal 'privatization' of the public toilet facility, which is controlled by an individual, running the operation as a business, by selling toilet paper at the entrance in exchange for the opportunity. This ensures cleanliness and security. The landlord thus benefits in terms of maintenance savings.

## 9.4. Consumer behaviour and needs

The consumer has basic needs, such as food, clothing, shelter, etc. and the shopping centre can be seen as a unit that satisfies most of those needs. Therefore, the opinions, arguments and needs of the consumer are important in the process of developing a new shopping centre. Consumers in the end make the shopping centre successful, and by satisfying the needs of the consumers in a shopping centre, it will ensure that in the end the consumer will see the shopping centre as a place of safety and security and a place he will regularly return to.

Shoppers do not essentially shop at the nearest place satisfying their requirements for specific goods. A shopper takes into account many aspects of shopping destinations and considers his/her shopping expenditure according to the assessment of the attractiveness of destinations. Therefore, there is a close relationship between the assessment of attractiveness and the number of shops. It can therefore be stated that the most attractive shopping centres attract the successful retailers. Centres that do not perform therefore lack the big name designer stores (Dennis et al., 2002: 196-197).

## 9.5. Tenants mix guidelines

According to Casazza et al., (1985) tenants must be suitable for the location and provide healthy competition between existing and proposed development. Parking needs must be generated by the shopping centres mix of tenants. The need for certain tenders should be calculated in advance and anchor tenants should be placed strategically in the shopping centre.

Reimers and Clulow (2004: 208) determined the tenants that are essential in a shopping centre when the size of the mall is limited. The 11 categories are as follows:

- Department and discount department stores;
- Supermarkets;
- Food stores and health stores (e.g. butchers, bakers, grocers, chemists);
- Food service (cafes, fast food outlets, restaurants);
- Home ware (e.g. furniture, carpet, curtains, electrical goods);
- Hardware, industrial and automotive supplies (e.g. paint, plumbing supplies, gardening);
- Leisure products (e.g. books, photography, toys, music, giftware, camping, bicycles);
- Professional services (e.g. banks, insurance, accountants, medical services);
- Consumer services (e.g. beauty salons, electrical repairs, locksmith, etc.); and
- Community services (e.g. municipal offices, sport centres and welfare services)

### 9.6.    Management

To ensure that a balance between land use, traffic and environmental qualities is achieved, an ideal situation for each of these components should be determined (Jordaan, 2003: 6-7). This includes an ideal traffic situation where land uses is manage, orientated, compatible with surrounding area and where conflict is absent. Where traffic generators are low, and supported by public transport, traffic is utilised, where land use is an off-peak traffic generator and where parking is provided according to needs. Lastly an ideal environmental quality where a special place is created, character is formed, an environment that is liveable and acceptable and where buildings defines street space.

### 9.7.    In terms of unsuccessful shopping centres

Gruen and Smith (1960:271) feel that something must be done to revitalise the central business districts. They say that downtown deterioration is blamed on the lack of parking, traffic congestion, antiqued buildings, poor public transportation systems, poor retail promotion and slums around the downtown district. Therefore, the downtown district will keep deteriorating as long as people deliberately avoid the area. They feel it is, however, safe to assume that in the future the importance of environmental planning will receive greater recognition, and there will be attempts to reshape the city cores.

### 9.8.    The need for new commercial development in Bethlehem

The situation in Bethlehem is quite unique for shopping centres.  From the empirical study, the following recommendations can be made:

- The reasons for visiting a shopping centre are mainly for grocery shopping, food and beverage and entertainment. This indicates that grocery stores and restaurants are important in shopping centres.
- Other reasons for visiting a shopping centre are for: health, beauty, luxury and decor, service stores and agents, technical and outdoor and occasional stores.
- According to the consumer, the most important stores for them in a shopping centre are: Coffee shops, grocery or supermarket stores, restaurants, movie and music stores.
- The need for the above groups of stores is sorted from highest to lowest:

1. Grocery Stores

2. Food & Beverage stores  (Sweets, ice-cream & confectionary Stores,  Liquor Stores, Deli & Bakery, Butchery)

3. Entertainment  stores (Take away food stores, Coffee Shops, Restaurants, Movie Stores, Music Stores, Entertainment Stores)

4. Health, beauty, Luxury and Decor  stores (Clothing Stores, Furniture Stores, Décor & Interior Stores, Hairdresser, Beauty Stores, Health Stores, Jewellery & Accessories Stores, Footwear Stores)

5. Services stores and agents (Banks and Financial Services, Medical Services, Estate Agents, Travel Agents)

6. Technical and outdoor (Camera Stores, Electric Stores, PC Stores, Cell Phone Stores, Outdoor gear Stores, Sport Stores)

7. Occasional Stores (Stationary Stores, Book Stores, Card Stores, Gift Stores, Hobby Stores, Toy Stores, Educational Stores, Fabric and Sewing Stores.)

- The above stated that the consumer feels there is a need for the above stores in Bethlehem. Providing these stores in a new shopping centre will ensure the successfulness of the shopping centre, and  will  also satisfy the needs of the consumers.

- The consumers feel that shopping centres only cater to their requirements to a larger degree. This indicates the need of the consumers for a new shopping centre in Bethlehem.

- Parking should be addressed more intensively, as this is a determinant for a shopper when deciding where to shop.

The retail study, indicated that Bethlehem has 12892m² GLA over-supply (before the development of Dihlabeng Mall) for shopping centre development.  This shows that if a new shopping centre is built, the other shopping centres will still be sustainable, and also shows that the new shopping centre will be sustainable and viable. The Dihlabeng Mall (Opened end of March 2013) consist of 24142m² GLA and therefore it can be concluded that there is an over-supply of 11249m² GLA.

The three shopping centres with the existing supply will consist of 78397m² GLA  this is an over-supply of 0.32m² retail spaces for every person in Dihlabeng area, an estimate

total of 41 000m² GLA over-supply in total. The Retail GLA for this area is furthermore only on shopping centres in Bethlehem, no other retail or commercial development having been included. The Market area consist of 5 towns, each of these also consist of commercial areas although none of them have a shopping centre, their retail GLA cannot be overseen.

**9.9.    Conclusion**

The general theory on shopping centres is for a shopping centre to be successful, there have to be sufficient buying power and people in close proximity to a proposed location. Economic growth, suburbanisation and high levels of private vehicle usage have fuelled the development of First World shopping centres in smaller towns. Shopping behaviour in Bethlehem will change in terms of the Central Business District, and other shopping locations regardless of the market area.

In addition to sufficient household income, there over supplying of per capita mall space could be vital for Bethlehem, large sums of capital can be lost and parts of Bethlehem will have a down fall. The Dihlabeng Mall is already opened and at this stages a success, but what will happen to this mall when the Bethlehem Mall opens? New shops, a new look, a new location, the Bethlehem Mall will then draw customers away from the Dihlabeng Mall, and then the Gobbles Folley development will have the same impact.

The most fundamental conclusion that can be drawn is that there is a need in Bethlehem for a new shopping centre, and it has been economically proved that the Dihlabeng Mall will be sustainable in Bethlehem. The population of this market area is not able to accommodate six (three new and three existing) shopping centres.

Shopping Centre Development is about entrepreneurship and creativity, requiring a team of committed professionals, skilled in formulating and applying combinations of development strategies for each new opportunity.

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MARIAS. K. 2012 and 2013. Town Planner – Dihlabeng Local Municipality

NEL. V. 2012. University of the Free State - Town Planner.

# ANNEXURE A
Questionnaire

# QUESTIONNAIRE / VRAELYS

This questionnaire is for the purpose of a dissertation to be submitted in fulfilment of a master's degree in the School of Town and Regional Planning, North-West University (Potchefstroom Campus). / *Dié vraelys is vir die doel van 'n verhandeling vir 'n meestersgraad by die Skool vir Stads- en Streeksbeplanning by die Noordwes-Universiteit (Potchefstroomkampus).*

This questionnaire is for academic purposes only and will be treated with confidentiality at all times and information that might be identified will NOT be made public. This questionnaire will not take more than **10 minutes** to complete. You must be 18years and older to participate in this survey/ *Die vraelys is vir akademiese doeleindes alleenlik en sal as konfidensieel hanteer word ten alle tye, en inligting wat geïdentifiseer kan word sal nie aan die publiek bekend gestel word nie. Die vraelys behoort nie meer as **10 minute** te neem om te voltooi nie. Alle deelnemers van die studie moet 18jaar en ouer wees.*

This study is undertaken by: / *Dié studie word onderneem deur:* Me. J.J. Labuschagne.

---

## SECTION A / *AFDELING A*: DEMOGRAPHIC PROFILE / *DEMOGRAFIESE PROFIEL*

1.  Gender / *Geslag*:

| Male / *Manlik* | 1 |
|---|---|
| Female / *Vroulik* | 2 |

2.  Age - last birthday / *Ouderdom – laaste verjaarsdag (ex 23 – 12 January)*

    _____

3.  Home language / *Huistaal*:

| Afrikaans | 1 |
|---|---|
| English / *Engels* | 2 |
| IsiNdebele | 3 |
| IsiXhosa | 4 |
| IsiZulu | 5 |
| Sesotho sa Leboa | 6 |
| Sesotho | 7 |
| Setswana | 8 |
| siSwati | 9 |
| Tshivenda | 10 |
| Xitsonga | 11 |
| Other / *Ander*. (Specify / *Spesifiseer)*: | 12 |

4.  Marital status / *Huwelikstatus*:

| Single / *Enkellopend* | 1 |
|---|---|
| Married  or Living together / *Getroud of Saambly* | 2 |
| Divorced / *Geskei* | 3 |
| Widow(er) / *Weduwee (Wewenaar)* | 4 |
| Other / *Ander*. (Specify / *Spesifiseer)*: | 5 |

5. How many people (including yourself) does your household consist of? / *Hoeveel mense (insluitend jouself) bly tans in u huishouding?*

Number of Persons /*AantalPersone*

6. What is your current occupation? / *Wat is u huidige beroep?*

| | |
|---|---|
| Pensioner / *Pensionaris* | 1 |
| Unemployed / *Werkloos* | 2 |
| Student | 3 |
| Housewife / *Huisvrou* | 4 |
| Fixed occupation / Vaste beroep | 5 |
| Other / *Ander.* (Specify / *Spesifiseer)*: | 6 |

7. Where do you live? / *Waar woon u?*

| | |
|---|---|
| Clarens | 1 |
| Bethlehem | 2 |
| Kestell | 3 |
| Harrismith | 4 |
| Heilbron | 5 |
| Paul Roux | 6 |
| Petrus Steyn | 7 |
| Reitz | 8 |
| Senekal | 9 |
| Warden | 10 |
| Other / *Ander.* (Specify / *Spesifiseer)*: | 11 |

8. If your answer to nr. 7 is Bethlehem, what is the name of the suburb where you reside? / *As u antwoord by no. 7 Bethlehem is, noem asb die woonbuurt waar u woon?*

| | |
|---|---|
| Morelig | 1 |
| Bergsig | 2 |
| Hospital Hill | 3 |
| Eureka | 4 |
| Bethlehem West | 5 |
| Mid Town Bethlehem CBD | 6 |
| La Provance | 7 |
| Jordania | 8 |
| Panorama | 9 |
| Bakenpark | 10 |
| Kromkloof Small Farms | 11 |
| Eden Small Farms | 12 |
| Deurgezien Small Farms | 13 |
| Mary Ann Small Farms | 14 |
| Ballyduff Small Farms | 15 |
| Industrial area / Groenvoer lande | 16 |
| Bohlokong | 17 |
| Farm | 18 |
| Other / *Ander.* (Specify / *Spesifiseer)*: | 19 |

## SECTION B / *AFDELING B*: CONSUMER NEEDS / *GEBRUIKERSBEHOEFTES*

9. How often do you visit a shopping centre? / *Hoe gereeld besoek u 'n winkelsentrum?*

| | |
|---|---|
| Less than once a month / *Minder as eenmaal 'n maand* | 1 |
| Once a month / *Eenmaal 'n maand* | 2 |
| 2 to 3 times a month / *2 tot 3 keer 'n maand* | 3 |
| Once a week / *Eenmaal 'n week* | 4 |
| 2 to 3 times a week / *2 tot 3 keer 'n week* | 5 |
| Daily / *Daagliks* | 6 |

10. On a scale of 1 to 4, what is the reason for your visit to a shopping centre? / *Op 'n skaal van 1 tot 4, wat is die rede vir u besoek aan 'n winkelsentrum?*

Scale / *Skaal*

| Never / *Nooit* | Sometimes / *Soms* | Regularly / *Gereeld* | Always / *Altyd* | | |
|---|---|---|---|---|---|
| 1 | 2 | 3 | 4 | | |

| | | | | | |
|---|---|---|---|---|---|
| 10.1. | Grocery shopping / *Kruidenieware-inkopies* | 1 | 2 | 3 | 4 |
| 10.2. | Clothes shopping / *Klere-inkopies* | 1 | 2 | 3 | 4 |
| 10.3. | Home ware or decor shopping / *Huisware of dekorinkopies* | 1 | 2 | 3 | 4 |
| 10.4. | Restaurants or Coffee shops / *Restourante of Koffiewinkels* | 1 | 2 | 3 | 4 |
| 10.5. | Entertainment facilities / *Vermaakfasiliteite*(ex. Movies) | 1 | 2 | 3 | 4 |
| 10.6. | Furniture or appliance stores / *Meubels- of kombuistoerustingwinkels* | 1 | 2 | 3 | 4 |
| 10.7. | Hardware stores / *Hardewarewinkels* | 1 | 2 | 3 | 4 |
| 10.8. | Beauty or health stores / *Skoonheids- of Gesondheidswinkels* | 1 | 2 | 3 | 4 |
| 10.9. | Speciality stores / *Spesialiteitswinkels* (ex. MTN or Musica) | 1 | 2 | 3 | 4 |
| 10.10. | Service stores / *Dienswinkels* (ex. Banks) | 1 | 2 | 3 | 4 |
| 10.11. | Pay accounts / *Betaal rekeninge* | 1 | 2 | 3 | 4 |
| 10.12. | Browse / *Rondloop* | 1 | 2 | 3 | 4 |
| 10.13. | Meet friends / *Ontmoet vriende* | 1 | 2 | 3 | 4 |
| 10.14. | Other / *Ander*. (Specify / *Spesifiseer)*: | | | | |

11. Approximately how much time do you spend shopping per week? / *Hoeveel tyd spandeer u gemiddeld aan inkopies per week?*

| | |
|---|---|
| Less than 1 hour / *Minder as 1 uur* | 1 |
| 1 to 2 hours / *1 tot 2 ure* | 2 |
| 3 to 5 hours / *3 tot 5 ure* | 3 |
| More than 5 hours / *Meer as 5 ure* | 4 |

12. Preferred business hours of shopping centres? / *Verkiesde besigheids ure van u winkel sentrum?*

| | |
|---|---|
| 08:00 – 17:00 | 1 |
| 09:00 –18:00 | 2 |
| 10:00 – 19:00 | 3 |
| 10:00 – 21:00 | 4 |

13. Evaluate the existing shopping centres in Bethlehem by means of the following questions: / *Beoordeel die huidige winkelsentrums in Bethlehem aan die hand van die volgende vrae:*

| | | |
|---|---|---|
| Have you experienced power failure in your shopping centre? / *Het u al kragonderbrekings ervaar in u winkelsentrum?* | Yes | No |
| Is your shopping centre equipped for power failure? / *Is u winkel sentrum toegerus vir kragonderbrekings?* | Yes | No |

14. On a scale of 1 to 4, mark your need for the following stores in a shopping centre: / *Op 'n skaal van 1 tot 4, dui u behoefte vir die volgende winkels in 'n winkelsentrum aan:*

Scale / *Skaal*

| Not important / *Nie belangrik nie* | Less important / *Minder belangrik* | Important / *Belangrik* | Very important / *Baie belangrik* | | | |
|---|---|---|---|---|---|---|
| 1 | 2 | 3 | 4 | | | |

| | | | | | |
|---|---|---|---|---|---|
| 14.1. | Speciality stores / *Spesialiteitswinkels* | 1 | 2 | 3 | 4 |
| 14.2. | Clothing stores / *Klerewinkels* | 1 | 2 | 3 | 4 |
| 14.3. | Furniture stores / *Meubelwinkels* | 1 | 2 | 3 | 4 |
| 14.4. | Décor & Interior stores / *Dekor- en interieurwinkels* | 1 | 2 | 3 | 4 |
| 14.5. | Hairdresser / *Haarkapper* | 1 | 2 | 3 | 4 |
| 14.6. | Beauty stores / *Skoonheidswinkels* | 1 | 2 | 3 | 4 |
| 14.7. | Health stores / *Gesondheidswinkels* | 1 | 2 | 3 | 4 |
| 14.8. | Pet shops / *Troeteldierwinkels* | 1 | 2 | 3 | 4 |
| 14.9. | Jewellery & accessories stores / *Juweliersware en bykomstighede-winkels* | 1 | 2 | 3 | 4 |
| 14.10. | Take away food stores / *Wegneemete-winkels* | 1 | 2 | 3 | 4 |
| 14.11. | Coffee shops / *Koffiewinkels* | 1 | 2 | 3 | 4 |
| 14.12. | Footwear stores / *Skoenwinkels* | 1 | 2 | 3 | 4 |
| 14.13. | Stationary stores / *Skryfbehoeftewinkels* | 1 | 2 | 3 | 4 |
| 14.14. | Book stores / *Boekwinkels* | 1 | 2 | 3 | 4 |
| 14.15. | Card shops / *Kaartjiewinkels* | 1 | 2 | 3 | 4 |
| 14.16. | Gifts stores / *Geskenkwinkels* | 1 | 2 | 3 | 4 |
| 14.17. | Camera stores / *Kamerawinkels* | 1 | 2 | 3 | 4 |
| 14.18. | Electronic stores / *Elektroniese ware winkels* | 1 | 2 | 3 | 4 |
| 14.19. | PC stores / *Rekenaarwinkels* | 1 | 2 | 3 | 4 |
| 14.20. | Cell phone stores / *Selfoonwinkels* | 1 | 2 | 3 | 4 |
| 14.21. | Grocery or supermarket stores / *Kruideniersware- of supermarkwinkels* | 1 | 2 | 3 | 4 |
| 14.22. | Antique stores / *Oudhede-winkels* | 1 | 2 | 3 | 4 |
| 14.23. | Art stores / *Kuns winkels* | 1 | 2 | 3 | 4 |
| 14.24. | Department Stores / *Afdelingswinkels* | 1 | 2 | 3 | 4 |
| 14.25. | Luggage & Leather stores / *Bagasie- en leerprodukte-winkels* | 1 | 2 | 3 | 4 |
| 14.26. | Outdoor gear stores / *Buitelewe toerustingwinkels* | 1 | 2 | 3 | 4 |
| 14.27. | Sport stores / *Sportwinkels* | 1 | 2 | 3 | 4 |
| 14.28. | Eyewear & optometrists / *Bril/Sonbril winkels & oogkundiges* | 1 | 2 | 3 | 4 |
| 14.29. | Flowers stores / *Blommewinkels* | 1 | 2 | 3 | 4 |
| 14.30. | Restaurants / *Restourante* | 1 | 2 | 3 | 4 |
| 14.31. | Movie stores / *Fliekwinkels* | 1 | 2 | 3 | 4 |
| 14.32. | Music stores / *Musiekwinkels* | 1 | 2 | 3 | 4 |
| 14.33. | Entertainment stores / *Vermaaklikheidswinkels (ex Movies, Fantasia)* | 1 | 2 | 3 | 4 |
| 14.34. | Hobby stores / *Stokperdjie-winkels* | 1 | 2 | 3 | 4 |
| 14.35. | Toy stores / *Speelgoedwinkels* | 1 | 2 | 3 | 4 |
| 14.36. | Educational stores / *Opvoedkundige winkels* | 1 | 2 | 3 | 4 |
| 14.37. | Sweets, ice cream & confectionary stores / *Lekkergoed-, roomys- & soetgebak-winkels* | 1 | 2 | 3 | 4 |
| 14.38. | Banks & financial services / *Banke en finansiële dienste* | 1 | 2 | 3 | 4 |

| 14.39. | Fabric & sewing stores / *Materiaal- en naaldwerkwinkels* | 1 | 2 | 3 | 4 |
|---|---|---|---|---|---|
| 14.40. | Liquor stores / *Drankwinkels* | 1 | 2 | 3 | 4 |
| 14.41. | Deli & bakery / *Deli & bakkery* | 1 | 2 | 3 | 4 |
| 14.42. | Butchery / *Slaghuis* | 1 | 2 | 3 | 4 |
| 14.43. | Medical services / *Mediese dienste* | 1 | 2 | 3 | 4 |
| 14.44. | Estate agents / *Eiendomsagente* | 1 | 2 | 3 | 4 |
| 14.45. | Travel agents / *Reisagente* | 1 | 2 | 3 | 4 |

15. Evaluate the existing shopping centres in Bethlehem on a scale of 1 to 4 by means of the following questions: / *Beoordeel die huidige winkelsentrums in Bethlehem op 'n skaal van 1 tot 4 aan die hand van die volgende vrae:*

Scale / *Skaal*

| Not at all / *Glad nie* | In a smaller degree / *Tot 'n mindere mate* | To a larger degree / *Tot 'n groter mate* | Completely / *Heeltemal* |
|---|---|---|---|
| 1 | 2 | 3 | 4 |

| 15.1. | Do the shopping centres in Bethlehem cater a shopping variety? / *Voldoen die winkelsentrums in Bethlehem aan 'n verskeidenheid winkels?* | 1 | 2 | 3 | 4 |
|---|---|---|---|---|---|
| 15.2. | Are shopping centres in Bethlehem easily accessible? / *Is winkelsentrums in Bethlehem maklik toegangbaar?* | 1 | 2 | 3 | 4 |
| 15.3. | The location of your shopping centre in relation to public transport access? / *Die ligging van die winkel sentrum in terme van publieke vervoer?* | 1 | 2 | 3 | 4 |
| 15.4. | Do the existing shopping centres satisfy the need for parking? / *Voldoen die bestaande winkelsentrums aan die behoefte vir parkering?* | 1 | 2 | 3 | 4 |
| 15.5. | Is there efficient facilities? / *Is daar voldoende geriewe? (ex Toilets, Wheelchair Friendly, Information Centre)* | 1 | 2 | 3 | 4 |
| 15.6. | Technical aspects of the centre (such as quality of finishing, access to plug points, heating system, air-conditioning, access to wireless)? / *Tegniese aspekte van die winkelsentrum (afronding, lugverkoeling, verwarming)?* | 1 | 2 | 3 | 4 |
| 15.7. | Exterior architecture and façade design of the shopping centre? Interior design and public areas quality (ex. fountains, benches, meeting areas)?/ *Argitektuur en ontwerp van die winkelsentrum?Kwaliteit van die binne ruimte en publieke areas?* | 1 | 2 | 3 | 4 |
| 15.8. | Do you think there is a need for another shopping centre in Bethlehem? / *Dink u daar is 'n behoefte aan nog 'n winkelsentrum in Bethlehem?* | 1 | 2 | 3 | 4 |

16. In your opinion, to what degree will each of the following locations be suitable for a new shopping centre? Where do you think a new shopping centre should be located in Bethlehem? / *Na u mening, tot watter mate sal elk van die volgende liggings geskik wees vir 'n nuwe winkelsentrum?*

Scale / *Skaal*

| Not at all / *Glad nie* | In a smaller degree / *Tot 'n mindere mate* | To a larger degree / *Tot 'n groter mate* | Completely / *Heeltemal* |
|---|---|---|---|
| 1 | 2 | 3 | 4 |

| 16.1. | Between Bethlehem and Reitz (alongside the R26) / *Tussen Bethlehem en Reitz (langs die R26)* | 1 | 2 | 3 | 4 |
|---|---|---|---|---|---|
| 16.2. | Alongside the N5 on the way to Clarens / *Langs N5 oppad Clarens toe* | 1 | 2 | 3 | 4 |
| 16.3. | Alongside the N5 on the way to Bloemfontein / *Langs die N5 oppad Bloemfontein toe* | 1 | 2 | 3 | 4 |
| 16.4. | More central to town / *Meer sentraal in die dorp* | 1 | 2 | 3 | 4 |

16.5. Are there any other locations that will be suitable? Specify / *Is daar enige ander liggings wat u dink geskik sal wees? Spesifiseer*

_____

**Thank you for completing this questionnaire /**
***Dankie dat u die vraelys voltooi het.***

# ANNEXURE B
## Schedule for Survey

# August 2012

| Sun | Mon | Tue | Wed | Thu | Fri | Sat |
|---|---|---|---|---|---|---|
| | | | 1 | 2 | 3 | 4 |
| 5 | 6 | 7 | 8 | 9 | 10 | 11 |
| 12 | 13 | 14 | 15 | 16 | 17 | 18 |
| 19 | 20 | 21 | 22 | 23 | 24 | 25 |
| 26 | 27 Questionnaires Metropolitan 11:00 - 14:00 | 28 | 29 Questionnaires Metropolitan 14:00 - 17:00 | 30 | 31 Questionnaires Metropolitan 08:00 - 11:00 | |

# September 2012

| Sun | Mon | Tue | Wed | Thu | Fri | Sat |
|---|---|---|---|---|---|---|
| | | | | | | 1 |
| 2 Questionnaires Metropolitan 11:00 - 14:00 | 3 | 4 Questionnaires Metropolitan 14:00 - 17:00 | 5 | 6 Questionnaires Metropolitan 08:00 -11:00 | 7 | 8 Questionnaires Metropolitan 11:00 - 14:00 |
| 9 | 10 Questionnaires Metropolitan 14:00 - 17:00 | 11 | 12 Questionnaires Metropolitan 08:00 -11:00 | 13 | 14 Questionnaires Metropolitan 11:00 - 14:00 | 15 |
| 16 Questionnaires Metropolitan 14:00 - 17:00 | 17 | 18 Questionnaires Metropolitan 08:00 -11:00 | 19 | 20 Questionnaires Metropolitan 11:00 - 14:00 | 21 | 22 Questionnaires Metropolitan 14:00 - 17:00 |
| 23 | 24 | 25 | 26 | 27 | 28 | 29 |
| 30 | | | | | | |

# ANNEXURE C
Bethlehem Mall

# Bethlehem Mall

## Site Development Plan Submission

of proposed new Shopping Centre
on Remainder of Erf 4095
BETHLEHEM, DISTRICT of BETHLEHEM,
Province of Freestate

13 May 2010

| SCHEDULE OF LAND USE RIGHTS OF REMAINDER OF ERF 4095, BETHLEHEM | | | | |
|---|---|---|---|---|
| ZONING | SPECIAL (AMENDMENT 5) | | RETAIL CENTRE | |
| SITE AREA | 10.410688 Ha = 104 106.88 m² | | | |
| HEIGHT ZONE | Ground floor plus 1 level | | AS SHOWN | |
| BUILDING LINES:  ROAD R26  DE LEEUW STRAAT  SIDE AND REAR | 16 meters  5 meters  3 meters | | AS SHOWN  AS SHOWN | |
| PARKING REQUIREMENTS     RETAIL: | 6 parking spaces per 100 m² of Gross Leasable Retail Trade Floor Area | | PROVIDED: 5,23 bays per 100 m² of GLA = 754 bays | |
| COVERAGE | 31 231 m² | 30% | 26 059 m² | 25.03 % |
| FLOOR AREA RATIO | 31 231 m² | 30% | 31 055.51 m² | 29,83 % |

Bethlehem Mall

180

## Ground Floor Layout

Bethlehem Mall

Bethlehem
Mall

Bethlehem
Mall

# ANNEXURE D
## Dihlabeng Mall

## Media Release

Johannesburg 24 May 2011

**Investec Property and Tintswalo Property Group announce the development of a new regional centre in Bethlehem**

Investec Property and Tintswalo Property Group are pleased to announce that construction has commenced at a new 27 000 square meter regional centre in Bethlehem, capturing the market of the Eastern Freestate. The opening of this regional centre is scheduled for mid 2012 and will be anchored by tenants Checkers, Game and Woolworths, including a Woolworths food store. The centre will include other major tenants such as Reggies, Ackermans, Truworths and Mr Price, as well as Nedbank and Standard Bank. It will also host popular food outlets such as the Spur, Wimpy, Mugg & Bean, Panarotti's and John Dory.

The estimated construction cost of the centre and the surrounding precinct will be in the region of R400 million and is expected to create a significant number of jobs with an estimated 500 during the construction period and another 300 permanent jobs once completed. Consideration has been given to include opportunities for the local traders in the area to allow them to partake in this new venture in the Dihlabeng Municipality. In addition to this, the development will bring a number of social upliftment initiatives to the surrounding area such as Education and Human Rights Programs.

The regional centre is situated between the N5 and Preekstoel Road and is easily accessible to the greater population of Bethlehem. The centre will be an enclosed mall, and the design will be modern yet in sync with the environment. It will be fully air-conditioned and will include state-of-the art security. Parking will be available for 1 700 vehicles.

**ENDS**

Media Release Issued by: Investec Property and Tintswalo Property Group

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PROPOSED
BETHLEHEM RETAIL DEVELOPMENT