

Emira to expand flagship retail asset

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Emira Property Fund CEO James Templeton. Picture: RUSSELL ROBERTS

EMIRA Property Fund on Monday announced it would undertake a third expansion phase to its Wonderpark Shopping Centre in Pretoria. The centre is the largest and most valuable asset in Emira's R10.2bn portfolio.

Emira has had relatively large exposure to offices in the past, but this shopping centre expansion suggested the company was re-balancing its portfolio towards retail assets, which pleased analysts.

Offices in SA struggled with high vacancies last year. According to research by the Investment Property Databank, last year retail properties earned a total return of 16.8%. Offices underperformed, managing a 13.6% total return.

Emira said yesterday that phase two of Wonderpark was complete and trading exceptionally well.

"It was completed in April and now the third phase of the current expansion is set to be complete by November, in time for the festive season," Emira CEO James Templeton said.

"This is the biggest expansion yet at Wonderpark Shopping Centre and also represents the group's biggest capital expenditure on the most valuable asset in its property portfolio," he said.

The expansion was the result of strong demand from existing and new retailers wanting to come in to the shopping centre. Construction as part of the upgrade, which would increase the centre's size more than 30%, started in November 2012 and the first phase opened last November. As part of the second phase, Massmart's Game branded store was enlarged, as was Edgars. A Dis-Chem store was also opened.

When the overall extension is completed in November, the Wonderpark centre will reach the 90,000m² mark. The mall was about 63,000m² when the upgrade began. This expansion and substantial redevelopment would transform the centre from a regional shopping centre to a "super-regional" centre in Pretoria.

"When the expansion is complete, our flagship property will be worth around R1.4bn, thus increasing the value and quality of our portfolio. The project is already delivering results at Wonderpark Shopping Centre, having been well received by both tenants and shoppers," Mr Templeton said.

Old Mutual Investment 's Evan Robins said the expansion suggested Emira had agility and was easing its reliance on offices. "Emira's bugbear was that it had relatively high office exposure — particularly to secondary offices, which have been the most troubled area.

"Through asset management, this substantial shopping centre expansion is an example, as has been the disposal of some office blocks, the fund's exposure to secondary quality offices has been reduced," Mr Robins said.

Alternative Real Estate Capital Management's Maurice Shapiro said the mall expansion was positive, and that Emira had also improved the management of its office portfolio.