

# Shopping mall developer Vukile gains footfall despite inflation

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13 Jun 2023

South African shopping mall developer Vukile on Monday reported an increase in customer visits at its centres as consumers proved more resilient than expected, but it warned the impact of higher interest rates was starting to show.



Source: [www.unsplash.com](https://www.unsplash.com)

Footfall at Vukile shopping centres increased to 107% of its pre-covid level in the year ending 31 March, it said, an increase it attributed to a mix of promotional activities, tenant mix, social grants and the strength of the cash economy.

## Pressure

The firm, which also operates in Spain, said its full-year distribution per share or funds from operations, a measure of profitability, rose 6%. That boosted shares 1.4% from its previous close to R12.98 at 1345 GMT.



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"Whilst we have been expecting pressure on the consumer for the better part of the last 18 months, it has not materialised to the extent that we anticipated," Vukile said in a statement.

"It now appears that higher interest rates are negatively impacting consumer spending."

## Cash economy

Vukile CEO Laurence Rapp in an interview said the main factor in the strong performance in the year to 31 March was "this element of the cash economy, which is definitely bigger and stronger than most commentators give it credit for."

"That obviously benefits our end of the market," he said.

One of the few property companies in South Africa that focuses on building shopping malls in rural and lower income areas, Vukile also managed to shrink vacancies to their lowest level in nearly two decades.

The company, however, is contending with rising interest rates that put additional pressure on debt financing, inflation and rolling blackouts that have left businesses and households in the dark for up to 10 hours daily.

"I've never known the environment to be as negative as it is at the moment," Rapp said in a media briefing.

Vukile over the next year plans to spend R350m on backup power solutions, the company said.

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