Daniel's Perspectives – January 10th, 2018

Putting a finger on the SA retail pulse

The 2017 annual report of Growthpoint provides a reality-check on the state of consumers and retailers.

"...a significant decline in shopping centre trading densities because of the general oversupply of retail space that exists nationally"

"Retailers have overcommitted to space on the back of flawed measurements"

"Previously, retailers were protective of their market positions. Now, they are rationalising their space"

"National retailers are not expanding as there is no new demand"

"International retailers...have found that the market opportunity is smaller than originally thought"

"Consumers across the board are now under stress"

"Providing credit is no longer a competitive edge"

I commit to read and reflect on as many annual reports as possible. Many people believe that doing this is an after-the-fact, low-tech and un-sexy approach to research and investing. If they are short-term oriented investors, I would agree with them. For me, as a long-term investor applying a business-like mindset, studying annual reports has over the past 22 years consistently provided me with the richest vein of insight and knowledge into business and investments.

I am not surprised by this outcome. It works this well because frankly it both looks and is bloody hard work that requires discipline and concentration. I will keep doing it, because it's *always* worth it.

Our work continues...