



A South African Researcher's Career Path in the Shopping Center Industry



Dirk Prinsloo
Chief Executive
Officer
Urban Studies

Getting To Know You
Dr. Prinsloo, thank you for taking the time to share some of

the lessons learned in your life with our audience. Yours is the second international profile we have conducted over the past several years. We look forward to having you share some of your insights with us on global real estate which is becoming more and more important to the industry. Before we begin our discussion, we would like to start with a brief overview with respect to your current position and your responsibilities.

I started my company, Urban Studies, 16 years ago, mainly to conduct urban market research, focusing on feasibility studies for property development and shopping center surveys. The year 1990 was a very difficult time in the history of South Africa, with political uncertainty and Nelson Mandela's release after being in jail for 27 years. Apart from the political uncertainty, nobody was sure what the outcome, the future economic growth, and the overall future of the country would be. Looking back, it was good timing to establish Urban Studies because since then a political settlement has been reached and the first democratic elections took place in 1994. Currently, the country has a gross domestic product (GDP) growth of almost 5%, which has been running for more than 100 months consecutively. This political and economic growth has had a very positive impact on property development and the property market research industry.

What kind of research does your firm provide? How does "retail" fit into your business strategy?

Urban Studies is a small family research company with eight full-time employees and more than 40 fieldworkers in different teams throughout South Africa. The Head Office team forms part of the "family" with strong commitment and dedication. All fieldwork is conducted by Pulane Fieldwork & Data Consultants a black-empowered company. Black economic empowerment is currently a major component of transformation taking place in South Africa. This company is run by my wife, Irma, and a black partner with a 50/50 profit-sharing partnership with Urban Studies.

Over the years, the mission of Urban Studies has been to conduct objective, reliable and innovative market research, and to offer quality service to our customers. More than 2,000 market research surveys have been completed throughout Southern Africa, as well as in the Middle East. The research mainly consisted of two broad components: (a) desk surveys, where existing information was collected and analysed; and (b) primary market research, where questionnaires were completed. Most of these surveys are intercept studies at shopping centers. There is also emphasis on household surveys, mainly to distinguish between users and non-users of a particular shopping center.

A large portion of our research projects have been retail/shopping center related. This includes feasibility studies for new shopping centers, intercept studies where primary research was conducted at more than 170 shopping centers throughout South Africa, in addition to feasibility and site selection studies for retailers.

The retail industry in South Africa is very well established, with more than 13 million square meters [approximately 140 million square feet (sf)] of shopping center space (larger than 3,000 square meters or 30,000 sf) and more than 1,000 centers, ranging in size from small convenience centers to large super regional centers. The quality of shopping centers in South Africa compares very favorably with the best I have seen in the United States, and there are a number of world class

This is part of a series of executive profiles of research-oriented industry leaders conducted by **James DeLisle, Ph.D.**, Director of the Runstad Center for Real Estate Studies at the University of Washington.

Some of the interviewees' careers remain in research, as they continuously hone their skills, while others have moved on to other functional areas. Regardless of current or future career choices, we will explore to what extent the mind-set and skills cultivated in research roles have been instrumental in their professional development, and how they have built on that foundation.



centers that have won awards in the ICSC design competition.

South African Council of Shopping Centres

You are the Deputy Vice President of the South African Council of Shopping Centres (SACSC). What is the SACSC and what is its mission? How does it relate to ICSC?

The SACSC is closely affiliated with ICSC, and we have regular contact with ICSC executive members. The SACSC is the mouthpiece of the shopping center industry in South Africa. The council recently established its first full-time office and has appointed a general manager to run the council's activities. This has already had a major impact on the industry as far as awareness, publicity and stimulating participation in government bodies. SACSC hosts an important annual event, the African Shopping Centre Congress, and up to 1,000 delegates are expected this year. SACSC has offered shopping center courses since 1993; today, it has educational programs for a Certificate for Shopping Centre Management (CSCM), Advanced Shopping Centre Leadership (ASCL) and Fundamentals in Shopping Centre Marketing (FSCM).

How did you become involved with SACSC, and what role do you play?

My involvement in the council started more than 13 years ago, as part of the Educational Committee. Other involvement included the organization of local shopping center tours. I also played an initial role in helping establish the IPD Retail Index and the South African Footprint Awards, which is similar to ICSC's Maxi Awards. In fact, the main objective behind the creation of the Footprint Award was to prepare South African entries for the Maxi Awards. This effort has been successful and, during the past three to four years, a large number of South African entries were made to the Maxi Awards.

I am also part of the Congress Organising Committee and have been committee chairman for the last three years. This annual congress has grown from 180 delegates in 1990 to an expected 1,000 delegates at this year's event in September. The successes of these congresses also convinced ICSC that South Africa can host a world summit event and the Retail Real Estate World Summit will be held in Cape Town next year.

You and your countrymen must be excited about the Retail Real Estate World Summit. Can you tell us when it is and what it will entail?

The World Summit in October 2007 will take place in beautiful Cape Town, and is expected to draw a large number of overseas visitors who will use the opportunity

to visit South Africa. During the last couple of years, South Africa has been successful in hosting major world events like the World Cup Rugby event, the World Cup Cricket event and the upcoming World Cup Soccer Final in 2010. We are hoping that a large number of overseas delegates will visit South Africa to experience our hospitality and beautiful country.

Thanks for that general overview. Some of our readers will look forward to visiting Cape Town next year.

The Making of a Researcher

At this point, I'd like to turn our attention toward you as an individual, so that we can get to know you on a more personal basis. Where were you raised? What was it like growing up?

I form part of the baby-boomer generation and grew up in a small rural town in the Free State Province and matriculated at Reitz High School. I studied for five years at the University of the Orange Free State where I also met my wife Irma. I am very much a family man with strong emphasis on family values. We have four adult children: two sons and two daughters. Two of them are involved in the property and research industry, one is an outdoor facilitator and the youngest is studying economics. The best times for us are when we have all the children together and can do things together.

Given your doctorate, you've obviously had extensive educational training. How did your academic career unfold? Did you acquire any specific retail or real estate educational training along the way?

I started with a Bachelor of Arts degree and in my second year I became involved with urban market surveys. This was limited to land use studies, vehicle and pedestrian counts, and short interviews. This, however, created my interest in urban market research. Urban geography at that point in time was the one subject that clearly stimulated my curiosity. I completed my honours degree in urban geography and immediately proceeded with a Master of Arts degree, focusing on the segmentation of suburbs. That degree was my first real encounter with how urban environments and cities operate. The experience gained through the Master's thesis is the basis of what we currently do on a daily basis. In 1983, I completed a doctoral thesis, which focused mainly on the process of office decentralization, which was just beginning to take place during those years. This brought me in contact with a different urban market not often researched and enhanced my understanding of how cities function and operate. I also completed an advanced executive management programme focusing on management business skills.



Looking back on my educational career, everything worked together to form the basis of understanding how cities operate worldwide. I always had a vision to become the best urban market researcher in the country, and my broad educational background has been instrumental in the success I have experienced so far.

With your extensive academic training, you obviously had a number of career options along the way. Let's explore your career path a bit and talk about some of the decisions you've made that might be of interest to our readers. In scanning some of your background material on your website, I see that you were a senior lecturer at the University of South Africa (UNISA) Geography Department focusing on Urban Research. Was that your first job?

Yes, I was a lecturer at UNISA until 1985, and my main focus was urban geography, statistics and urban research. The period at UNISA was probably the best in forming my basic understanding, knowledge and interest in research.

Academic Turns Industry Practitioner

Why did you change your direction and move into private practice?

The university was a very good starting point, mainly from an independent research point of view. During my years at UNISA, I started working in private practice as a research consultant. I then moved to one of the major banks/building societies in South Africa—United Bank—and, for six years was responsible for administering retail surveys to understand banking, customer behaviour, and identify new sites for bank branches and ATMs.

At United Bank, I was exposed to the practical side and the importance of correct market research, the objective presentation of results, and the correct selection of sites. I learned four very important things: (1) the importance of the right location, where 10 meters can make a difference in the success or failure of a particular type of retail operation; (2) the difficulty and cost to overcome a poor location; (3) the need for a large capital investment to establish a retail outlet—therefore, the importance of correct decision making; and (4) the basics of market research—keep reports simple and understandable.

In 1990, a partner—who passed away nine years later—and I established our company, Urban Studies. The four critical pillars of my research company are: (1) Understand and properly define the research problem (2) Collect data based on high-standard quality fieldwork, (3) Interpret the data using a holistic urban

environmental perspective and (4) Strategize on how those research insights might be used by the client.

What is the most rewarding part of your job and why?

Having conducted an extensive number of consumer intercept studies over time and at a variety of shopping centers throughout South Africa, it has been very rewarding to use the individual surveys for collective knowledge about the South African shopping center industry. The rewards mainly come from establishing benchmark figures and comparing new centers to those figures to be able to see whether the centers are under- or over-performing. Tracking has become a major part of our research—especially to see the changes in market profiles and shopping behavior in the South African market. As far as these types of studies are concerned, the follow-up rewards come from the strategic positioning of centers, assistance in turn-around strategies and sustaining the centers.

What was the best career-related decision you made or the best opportunity you took? Why was it important to you?

My best career decision was to start Urban Studies. It is still very rewarding to be involved in an ever-changing South African market. My career moves and choices have all provided me with skills necessary to understand how cities operate in the marketplace, and shopping behavior. Long-term, this has influenced me to not get directly involved in property development, mainly from a purist research point of view, for as soon as you get involved in development, objectivity fades.

Looking back, were there some specific event(s) that were defining moments in your life? If so, what were they?

The death of my partner was probably the single most defining moment in my working career. It changed the company from a broad-based, large research company to a family-based operation.

It sounds as if you have had a great career. If you could turn back the clock and choose your career path again, would you do anything differently? Do you think you'd be in the same position today, or would you be doing something completely different?

I would not do anything fundamentally different. As far as my formal education is concerned, I might have put more emphasis on subjects such as urban economics and urban sociology. We are a sports-loving family and I would have taken up golf instead of all the other sports in which we participate.



What was the most difficult or riskiest career decision you faced?

My riskiest career decision was to start my own business. At that stage, our four children were very young, and I left a secure senior management position at a well-established bank.

The Role of Education and Mentors

Given your academic roots, we are particularly interested in your thoughts on the role of education and the academic community as it relates to research and business practices—both in general and with respect to retail. Once you got into retail real estate, did you need to go back to further your career with professional training? Did you get this training informally on the job, or did you get formal training?

Most of the work we currently do is based on urban geography, economics, statistics and research in general. The rest of my career development is based on informal training and experience based on a number of building blocks that started more than 30 years ago.

How important are formal education and training would be to someone pursuing a career like yours?

Formal education and training are and will always remain very important. There is, however, no single university course that can give you a complete understanding of this specific field. Most important is “on the ground experience”—put on your walking shoes and “feel” and experience the city.

What skills or training does it take to excel in a job like yours? How should people interested in following your path best prepare themselves for success?

First, it is relatively easy to conduct general market research. On the other hand, urban market research, which is the underpinning of much retail-related research, is much more complex because of the various property segments, all impacting on how people react and behave. The specific behavior of people has a major impact on where they live, work, play and shop. The main requirements are to understand the spatial, social and economic behaviour of people in our cities. Studies should focus on a combination of these basic subjects.

How do you rate formal academic training that the “next generation” is receiving? How good a job are schools and universities doing in training students to hit the ground running?

Urban geography has become a school subject that is enjoyed by most learners. However, not enough learners make it a career choice. Some universities are doing much better than others, and it is very much driven by personalities. There must be a very close relationship to

what is taught in the classroom and the experience on ground level.

You also seem involved in overseas study tours. For those of us who are less “travelled” than you, how do those experiences fit into your career? What do you most enjoy about them?

To me, travelling is one of the most exciting and broadening experiences possible. I have visited more than 60 shopping centers in the U.S. I also have been to 18 of the top 25 U.S. cities. There is a very large resemblance between U.S. cities and South African cities. City life in South Africa and in the United States is driven by suburban lifestyles, private automobile ownership, decentralized offices, and shopping centers. The racial mix in some American cities is also similar to most South African cities. I have learned a tremendous amount from my seven trips to the USA.

Trips to Europe have been more vacation-oriented and less of a learning experience. Earlier this year Irma and I travelled to China and Japan. It was a great experience to walk the streets of Beijing, Shanghai, Hong Kong and Tokyo to experience the level of real estate development. Tokyo was an ultimate example of order and neatness. Those travels improved my understanding of how other cities function and the way other people live and shop.

In our prior interviews, a number of respondents have pointed out the importance of relationships with other professionals or a mentor. What role did other people play in shaping your life? Was there a particularly important person who influenced your career and, if so, who and how did that person affect your life?

There are mainly two people who have made a major impact on my development. The first was Professor Wynand Senekal at the University of the Free State, who brought me in contact with the dynamic nature of cities and urban places. He also directed my further studies to specialize in urban market research. The second was Professor Piet Jooste who was my supervisor for my doctoral studies, for he taught me to think holistically, which has become a very important part of my daily work.

The Need to Be Involved, To Listen and To Learn

Do you have any words of advice or lessons that you’d like to share with respect to the importance of other individuals or positions? How about industry affiliations that are an important part of your life?

Every day should be a learning experience. You can learn from your students, other professionals, and your every day user or citizen of every city. Currently, I am



the chairperson of the Annual Shopping Centre Congress. This year we are expecting 1,000 delegates at our congress, and a substantial amount of time will be allocated to networking.

What do you believe are the key steps in making an affiliation work for the real estate professional? Do you have any networking tips for young professionals?

A number of industry associations exist in South Africa where the broader body of people is associated with the property industry. The most critical aspect in this regard is not only to collect but to give and share relevant information. We are still not keen on sharing information in South Africa. There are many opportunities for young professionals to get involved in the industry, to learn from others and to make their own contributions. Apart from national conferences, there are regular monthly regional or chapter activities, which are attended by many people in the industry.

The Value of Research

Given your research orientation, I'm sure you have some firm opinion on the importance of research to the industry. How important is it, and does it receive the recognition it warrants? Why or why not?

The South African market is probably one of the fastest-changing markets because of rapid growth, dramatic changes in demographics, increased numbers of people in the middle- and upper-income brackets, and a general increase in the mobility of the population. As a result of these changes, and new opportunities created, urban market research is more important and necessary than ever before.

Do you believe a background in research is necessary in order to fully understand the real estate process and markets?

Yes, definitely. Many of the different professions associated with the real estate business do not offer formal courses in urban market research. Some developers do their own surveys, which are mainly data collection and presentations to suit their own goals. There is a definite need for objective and reliable market information and surveys, and to understand the research process.

What elements of research provide the best catapult to a successful career? Is research a good step toward preparation for a management position?

I think a good understanding of how cities operate, a good understanding of statistics and an objective interpretation of the data provide the fodder for a successful research career. Whether you stay in the research field or not, those research skills are a good

foundation for so many careers—especially for company managers.

Research Challenges

What are the major challenges you face in terms of research?

The biggest challenges facing research in South Africa are to measure the changes in demographics and to understand the growth in the middle- and upper-market segments. Another major challenge is to obtain reliable information from various sources. The last official census was conducted in 2001 and, unfortunately, it will not be repeated until 2011. In a fast-growing country, changes in demographics it is of utmost importance to have proper tracking of total population figures. This gap in quality market information will be very difficult for the research industry during the next five to seven years.

As you pointed out earlier, you've completed over 2,000 research projects. What major challenges have you faced in terms of research?

From a retail point of view the major challenge at the moment is to handle and understand the bullish nature of the South African economy and the impact this will have on retail growth and the expansion of shopping centers. In many cases, studies are conducted which are very early; at the moment I strongly follow a strategy of “follow the roofs” to make sure that premature developments do not take place. Location will always be very important in shopping center development. The critical issue at this point in time in South Africa is the correct timing of projects.

You were involved in the United Bank, which focuses on a number of research-related activities, including the maintenance of data banks. In the United States, many researchers take data for granted. What is the state of data in South Africa?

More and better information is becoming available in certain areas of the industry, while information from local governments varies from municipality to municipality. In most cases these databanks have not been updated since 1994. This is creating other opportunities where self-maintained databanks are becoming very important.

How has research changed over the past several years? Given your international interests, do you think lessons learned and research insights are portable across country boundaries, or are they materially different?

The research industry has changed over time with improvements in technology, with good use of GIS (geographical information system) packages and



information, as well as palm-held interviewing devices. The broad principles of market research remain the same across borders. The focus, however, should be to understand each and every area because of the differences in demographics, the level of urbanization, the income levels, and the way people live. Most of the research by Urban Studies focuses on shopping behavior and changes mainly because of the increase in the number of competing centers.

The South African Shopping Center Industry

Let's talk a little more about the shopping center industry in South Africa. How would you characterize the current state of the industry?

Out of a total of 12 economic indicators impacting retail performance, 11 are currently very positive for retailing. The rise in gasoline prices also negatively impacts consumers in South Africa. Automobile sales are the highest ever; building plans have been passed and completed at very high levels; the residential market is growing at a rapid rate; businesses confidence indexes are at a high; interest rates are the lowest in 23 years; and retail sales are growing at a rate of 10% per annum. More than 1.4 million square meters (15 million sf) of retail space were completed between 2000 to 2005, and there are almost one million square meters (10.9 million sf) in different planning stages. South Africa is the one country in Africa where retail and shopping center development is in line with the rest of the world, excluding the Middle East. During the past few years, most retailers have experienced tremendous growth in market share prices, the highest ever, and the retail sector has experienced a plus 20 percent turnover growth year-over-year. The listed property companies and funds have also experienced major increases until the middle of 2006.

From an international perspective, is the shopping center industry in South Africa similar to other markets or is it significantly different. If so, how different is it?

The shopping center industry in South Africa is very similar to that of the United States and Australia. According to a recent shopping center classification, all of the different components present in the U.S. market are also available in South Africa. The major difference between the South African and the U.S. market is the number of different retailers available and the scale. The main problem with this is the fact that most shopping centers have the same national tenants. Thus, there is very little differentiation between the different types of shopping centers. One very distinct difference between the South African and U.S. centers is the fact that all major regional, superregional and small regional centers are anchored by grocery stores. This fact has resulted in

more frequent weekly and monthly visits to our shopping centers, compared to the US centers where the average number of visits per month is 3.2. In South Africa, this ranges between six to eight visits per month. There is currently a very strong drive to develop shopping centers in the previously disadvantaged township areas, where shopping center development was restricted. Most of these township areas see new community and regional-type centers being built, which will dramatically change future shopping behaviour. Most central business districts (CBD) areas in South Africa are still strongly supported by the lower end of the market. Many of the CBDs are currently experiencing upgrades and revitalization.

Is there one change that you would like to see happen in the retail real estate industry in South Africa?

Yes. The single most important change I would like to see in the shopping center market and industry is that shopping centers really become involved in community activities. The shopping center must become the meeting place of the community and play a very important role in addressing the big poverty problem in South Africa.

A Global and Personal View

Let's look beyond the South African market for a bit. What are the major trends that will affect global retail real estate in the future?

The supply of retail facilities and products will mainly be determined by the focus and growth of the Chinese market. This will have an impact on where and how products will be manufactured as well as the supply chain. Hopefully, we will see growth in the African market. A number of South African retailers have moved into the rest of Africa—some with great success while others were less successful. Personally, I think that the development of three or four of the world's largest centers in one city (Dubai) is fascinating and clearly indicates that these developers are aiming for the global market. It will be very interesting to see how retail in the rest of the Middle East develops and performs over time.

In light of these trends, what are the key challenges that you think young people will face in launching and sustaining successful careers in the retail real estate industry? How can young professionals prepare for the "future world"?

A successful career for young people is currently strongly driven by the ability to make money. The most important thing, however, is to achieve daily job satisfaction, to be committed and dedicated, and to enjoy what one is doing. This will allow one to lead a fulfilled life. Young people need to think more broadly and



experience the world in its global reality. They also need to get practical, on the ground, first hand experience of how cities operate. It all remains very complex and is changing on a regular basis.

Final Thoughts

What advice would you like to share with the next generation of young professionals? Do you have any closing thoughts or recommendations that you would like to share with them?

Work hard. Success does not happen overnight. Be honest in what you do and you will succeed in life.

Finally, research will always remain a very important tool. It is, however, more important to use that research correctly, use it to add value, and use it to formulate strategies that can improve the world in which we live, work and shop in.

Dr. Prinsloo, on behalf of the Next Generation of retail professionals, thank you for taking the time to share your experiences, insights and lessons learned with us. We look forward to the upcoming Retail Real Estate World Summit in October 2007, and wish you continued success in your career.