PROPOSED CHECKERS SEGDEFIELD SHOPPING CENTRE DEVELOPMENT: ECONOMIC IMPACT ASSESSMENT

2026

URBAN-ECON
DEVELOPMENT ECONOMISTS

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Section One: Introduction

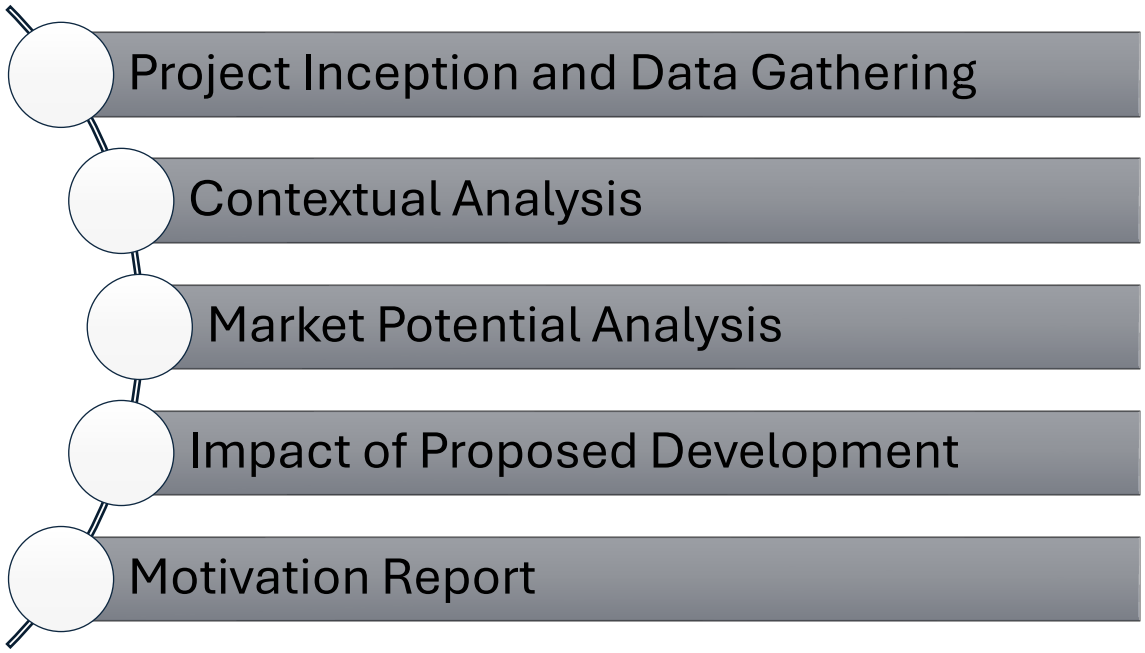
1.1. Background

Urban-Econ Development Economists (Pty) Ltd was appointed by Shoprite Checkers (Pty) Ltd to assess the market capacity to support a proposed retail development in Sedgefield and to evaluate the potential socio-economic impacts associated with the planned shopping centre. The proposed development entails a convenience neighbourhood shopping centre intended to serve the Sedgefield community. The local municipality has, however, raised concerns regarding the potential impact of the new centre on the existing Sedgefield CBD. While a market research study was undertaken in 2025 to assess market feasibility, the municipality has requested that a complementary socio-economic study be conducted.

1.2. Methodology

The methodology to be utilised for the study is indicated in the figure below.

Figure 1: Methodology



- **Step 1: Project Inception and Data Gathering:** The inception phase focuses on refining the project scope through an initial meeting with the client and collecting all relevant background information. This includes understanding the proposed development parameters (GLA, costs, assumptions), reviewing prior studies, and defining the market catchment area to identify the spatial extent of potential impacts.
- **Step 2: Contextual Analysis**: This step develops a comprehensive understanding of the socio-economic and spatial environment within the proposed market area. It entails compiling a socio-demographic and economic profile, assessing employment, income, and growth trends, and analysing spatial patterns such as existing land uses, business operations, transport networks, and property market trends. Insights are drawn from secondary data and stakeholder interviews.

- **Step 3: Market Potential Analysis:** This step outlines the methodology and calculations used to determine the Net Effective Demand (NED) for the proposed retail facility. The approach assesses both demand and supply factors within the defined market area, comparing estimated retail demand with existing supply, expressed in terms of Gross Leasable Area (GLA). Key variables include number of households, household income levels, and retail expenditure patterns, which inform the potential retail turnover that can be supported locally. The resulting NED, measured in square metres of GLA, indicates the market potential to sustain the proposed retail development and informs its overall feasibility.
- **Step 4: Impact of the Proposed Centre**: The socio-economic impact of the proposed shopping centre is quantified using economic modelling (Social Accounting Matrix). Key impacts assessed include job creation, value added, personal income, business output, municipal income, and tax revenues. The analysis also measures the "disbenefits" of non-development and evaluates effects at the local, regional, and national levels.
- **Step 5: Municipal Motivation and Mitigation Measures**: The final phase presents a motivation report to the municipality summarising the socio-economic case for the project. It highlights projected municipal revenues, consumer behaviour shifts, and potential displacement effects, along with recommendations to mitigate any adverse impacts.

1.3. Report Outline

The remainder of the report is broken down into the following chapters:

- **Section 2:** Development Context
- **Section 3:** Socio-Economic Analysis
- **Section 4:** Market Potential Analysis
- **Section 5:** Economic Modelling
- **Section 6:** Development Impact
- **Section 7:** Development Motivation

Section Two: Development Context

2.1. Introduction

The following section outlines the development context within which the proposed development in Sedgefield will operate. It situates the project within Sedgefield's broader spatial, retail and socio-economic environment, highlighting key locational attributes, land use patterns and movement networks that shape demand and accessibility. This contextual overview provides the foundation for evaluating the scale, role and viability of the new retail node in relation to the existing town structure and emerging growth trends.

2.2. Development Understanding

The proposed development in Sedgefield comprises a 4,000m² neighbourhood shopping centre, anchored by a Checkers supermarket occupying approximately 2,000m² of gross lettable area (GLA). A retail development, such as the one proposed, falls within the retail category of a neighbourhood shopping centre. Neighbourhood centres predominantly serve a convenience-oriented function, providing shoppers with access to daily and weekly necessities within a short distance from home. The success of neighbourhood centres is closely linked to three core factors:

1. The presence of a reputable and well-known food anchor that draws consistent foot traffic.
2. The provision of adequate and conveniently located parking facilities to enable easy shopper access.
3. A strategically selected micro-location ensuring high visibility, accessibility, and proximity to surrounding residential suburbs.

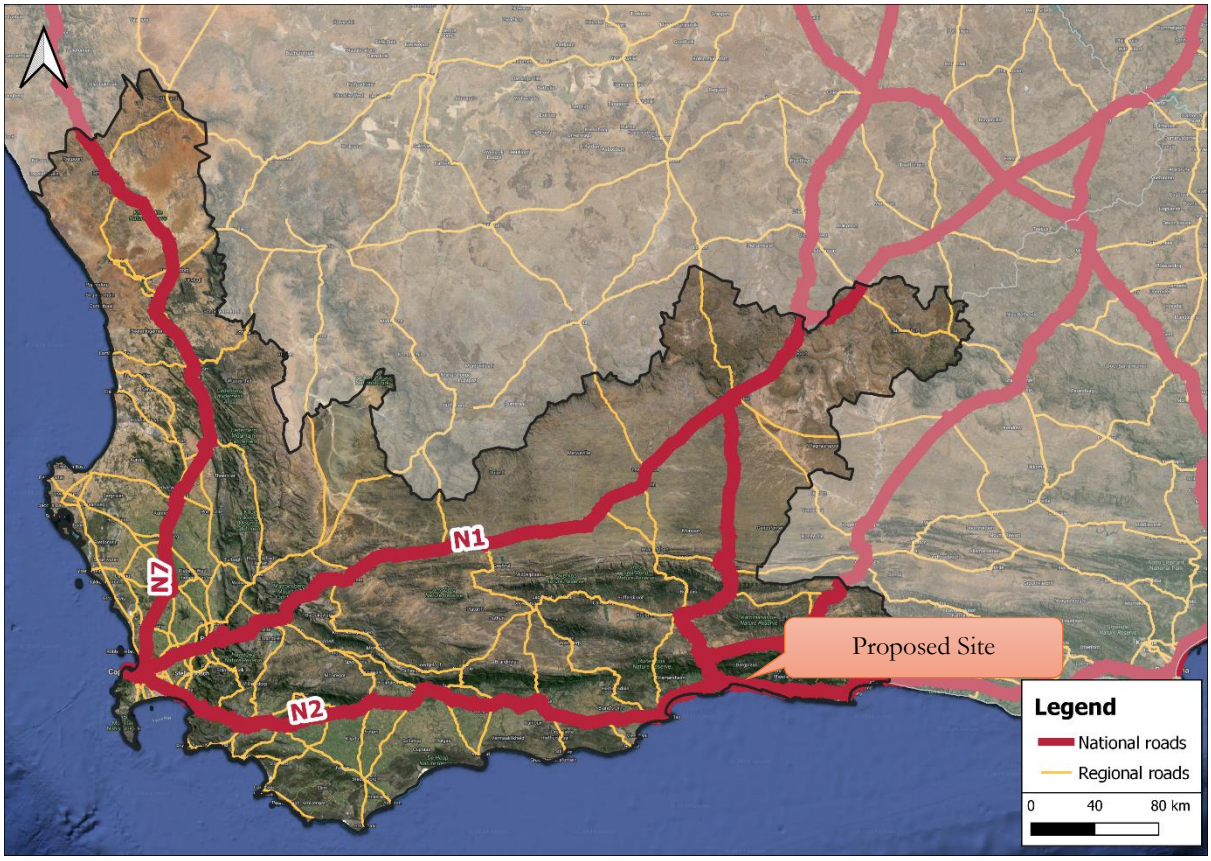
In terms of function and design, neighbourhood centres typically occupy a suburban location and offer a broader range of retail and service tenants than smaller convenience centres. The tenant composition is generally anchored by a large-format supermarket tenant exceeding 1,400m² GLA, typically represented by national brands such as Checkers, Shoprite, Spar, Pick n Pay, Woolworths Food, Food Lover's Market, and Boxer. Dual-anchor configurations are becoming increasingly common, as combinations such as Pick n Pay and Woolworths Food or Spar and Checkers enhance consumer choice and draw a broader customer base. Anchor selection is often influenced by the socio-economic profile of nearby residents, ranging from premium grocery brands in higher-income catchments to value-oriented formats in more price-sensitive markets.

Complementary tenants usually include pharmacies (Medirite, Clicks, Dis-Chem), liquor outlets, hardware and clothing retailers, restaurants and takeaway outlets, as well as a range of service tenants such as medical practices, mobile service providers, banks, and estate agencies. Many centres also accommodate a small proportion of independent or locally owned shops, such as bakeries, home industries, and creative outlets, that add local character and variety to the retail offering.

2.3. Macro and Regional Level Analysis

The analysis of the site in the macro context highlights the proposed site in relation to its greater spatial environment. The objective of this section is to establish connections and linkages from the site to the rest of the surrounding areas and to illustrate the expected movement of people both to and from the proposed site. The following map provides a macro perspective on the location of the proposed development site within the context of the larger region.

Map 1: Macro-Level Analysis



(Urban-Econ via MapAble, 2026)

The proposed development is situated in Sedgefield in the Western Cape, on the southern Cape coast between George and Knysna. Sedgefield's main regional linkage is the N2, which runs east–west through the town and acts as its primary movement spine. Within the wider provincial road network, the N1, N2 and N7 form the key national routes that carry long-distance traffic and freight across the Western Cape. The N2 in particular is the country's principal coastal corridor along the Indian Ocean, connecting Cape Town with a sequence of major coastal cities before turning inland to end at Ermelo in Mpumalanga. It links Cape Town to George, Gqeberha, East London, Mthatha, Port Shepstone and Durban, among others, and at more than 2 000 km in length is the longest numbered national route in South Africa. In the Cape Town metro, the N2 crosses the Cape Flats as a freeway and then enters the Helderberg, cutting through Somerset West before climbing Sir Lowry's Pass towards the Overberg and, beyond that, the Garden Route. Sedgefield's position further along this same corridor, between George and Knysna, places it on a strategic tourism and freight route that ties the Western Cape into the coastal economies of the Eastern Cape and KwaZulu-Natal.

2.4. Micro- Level Analysis

2.4.1. Site Analysis

The total combined footprint of the consolidated erven measures approximately 11 937m² and represents a greenfield development site, indicating that it has not been previously built upon or disturbed by urban development. The property is strategically located at the intersection of Egret Street and Service Road, positioned to the north of the Main Road (N2) within the town of Sedgefield; furthermore, the site is located within the urban edge of Sedgefield. This location offers convenient access to the regional transport network while maintaining proximity to key local amenities and existing residential areas. The map below illustrates the site location at a local level.

Map 2: Local Site Location



(Urban-Econ via MapAble, 2026)

The Sedgefield central business district is the town's main commercial area where shops, offices, and services are concentrated. It is largely linear, focused along the Main Service Road and adjoining streets rather than a compact, traditional town square. The central business district is located approximately 2.0 kilometres from the proposed site

2.4.2. Surrounding Land Uses

Sedgefield exhibits a distinctive land use pattern shaped by its coastal setting, environmental sensitivities and tourism-driven economy. The town's spatial structure is defined by a predominantly residential fabric, a linear commercial corridor along the N2, and conservation areas associated with the lakes, estuary and dune systems. Within this structure, different land uses, ranging from high-end coastal housing and established suburban neighbourhoods to

low-income settlements, tourism and accommodation nodes, institutional facilities and limited employment land, interact to create a compact urban environment. Understanding these key land uses provides an essential understanding for assessing development potential, infrastructure needs and the implications of future growth and densification in Sedgefield. Sedgefield's land use pattern can be defined into a few key categories:

a. **Residential**: Sedgefield consists of a blend of established and newer suburbs. Central Sedgefield and Kingfisher Wharf feature older, larger properties situated close to the village amenities. Extension 1, known as The Island, lies on the Swartvlei Lagoon and is a popular destination for holidaymakers. Myoli Beach and Cola Beach occupy the coastal dunes and offer larger, high-end homes with direct access to both the sea and lagoon. In contrast, Groenvallei and Meedingsride comprise smaller, more recent stands and several gated complexes. Extension 4, located near the beach and lagoon, provides relatively affordable "lock-up-and-go" homes. Smutsville a low-income area, situated among the eastern suburbs, is also noted as part of the broader Sedgefield urban structure.

   As per Lightstone (Lightstone Property, 2026), Sedgefield is a mainly freehold coastal town with 3 460 residential units and a strong older, retiree ownership base. Adults number about 7 090, with 6 216 economically active, and the income profile is concentrated, with 45.0% low income and 42.4% high income households and only 2.5% in the wealthy band. Ownership is stable, with 44% of existing owners holding for more than 11 years and almost half of stable owners being pensioners over 65, while recent buyers are mostly aged 50–64. Market activity is strong: over the 12 months to December 2025 there were 189 repeat sales worth R523.8 million (average ±R2.77 million), dominated by developed freehold sales in the R1.5–R5 million range. From 2016 to 2025 the median freehold price rose from R940 000 to R2.8 million and sectional schemes from R756 000 to R1.75 million, thus ranking Sedgefield in an upper-mid price bracket and ranking it around 51st nationally for freehold town values and 66th among nearby towns at a median of about R2.55 million.

b. **Commercial and mixed-use**: A linear commercial spine runs along the N2/Main Road, forming the CBD and service strip with supermarkets such as Pick n Pay and a Superspar, as well as small retail, professional offices, restaurants and service businesses. Pick n Pay is located approximately 2.0 km (a 4-minute drive) from the development site, while SuperSpar is situated about 2.2 km (also a 4-minute drive) away. The table below highlights key information around the Superspar Centre and Woodpecker Mall in Sedgefield.

Table 1: Shopping Centre Information

Name	Type	GLA	No Tenants	Anchors
Superspar Centre	Local Convenience Centre	3 541	10	Superspar, Tops at Spar, Clicks, The Crazy Store
Woodpecker Mall	Local Convenience Centre	2 765	10	Pick n Pay Family, Pick n Pay Clothing, Pharmacy

(Market Decisions, 2024)

In addition to the above, secondary commercial activity is centered around the Engen garage and Scarab Village/Mosaic Village area on the N2, with markets (Scarab Craft Market and Mosaic Outdoor Market).

As per Lightstone Property Market Potential Report (Lightstone Property, 2025), Sedgefield's contains about 192 formal shops and service outlets, together providing roughly 36 000 m² of retail floor space. Most of this space is taken up by "Other Retail Goods", with food and groceries the next largest component. More than 80% of outlets are independents, while fewer than 20% are national brands, and these are mostly ATMs and estate agencies within the consumer services category. Retail is concentrated mainly in strip-mall type development along the southern side of the N2, anchored by two larger centres: the Pick n Pay Centre and the Superspar Centre.

c. **Institutional and community facilities**: Key community facilities in Sedgefield include educational facilities, doctors' rooms, a police station, community hall, library, and several places of worship. These facilities are predominantly located within or near the CBD and established residential areas.

d. **Conservation, environmental and open space**: Extensive conservation land surrounds and penetrates the town: Goukamma Nature Reserve and Marine Protected Area; the Wilderness–Sedgefield Lakes (including Swartvlei and Groenvlei); coastal dune systems; wetlands and the broader estuarine functional zone.

e. **Public transport**: Public transport in Sedgefield is focused mainly on the N2 corridor rather than movement within the town itself. Intercity buses, regional shuttles and taxis are available. Long-distance bus routes link Sedgefield with Cape Town, George, Knysna and other Garden Route towns. Shorter trips to George and Knysna mostly rely on these same routes and some minibus or taxi services, which provide residents with basic access to jobs, retail and government services in nearby centres.

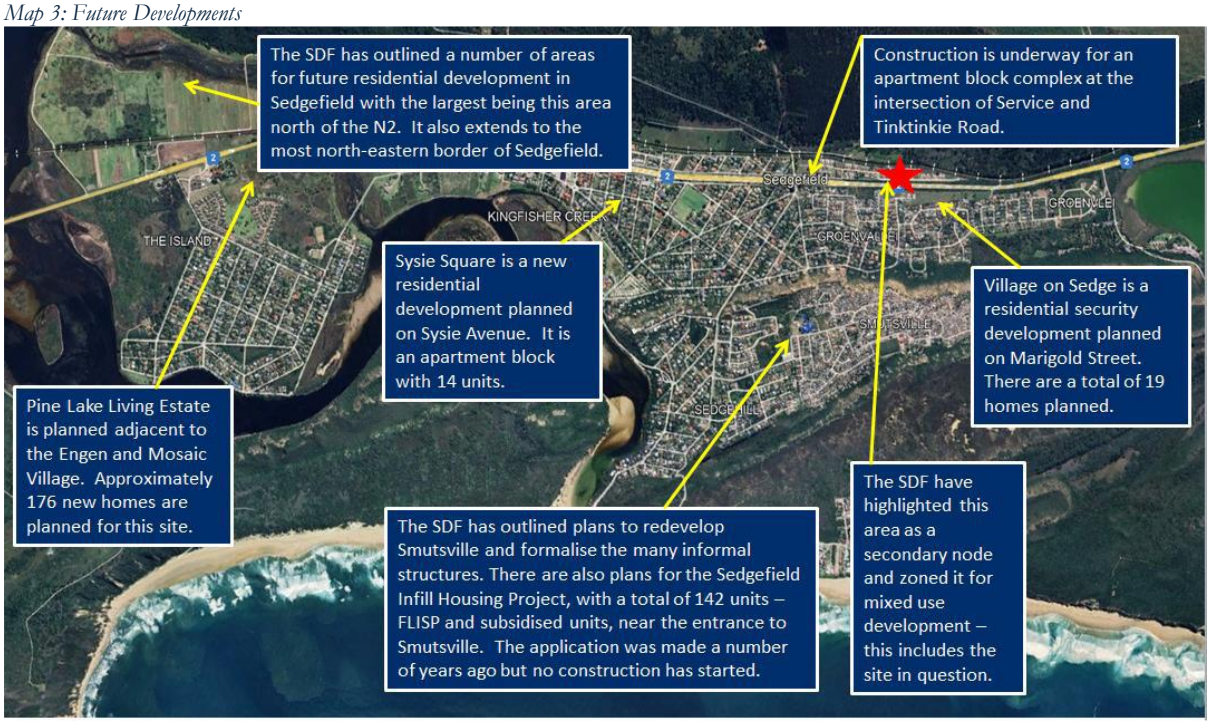
Overall, the land use pattern in Sedgefield positions the town as a small but spatially complex settlement, where a predominantly residential base, a linear N2-oriented commercial corridor and an environmental footprint must be managed within a tightly constrained urban edge. The differentiation between established middle-income suburbs, premium coastal neighbourhoods and low-income eastern settlements, combined with a highly seasonal tourism economy, results in most daily needs and economic activity being channelled through a narrow corridor of commercially zoned land along the N2/Main Road. At the same time, the town's lakes, estuary, dunes and protected areas restrict opportunities for outward expansion, reinforcing the importance of targeted densification, mixed-use development and the efficient utilisation of existing serviced land (Knysna Local Municipality, 2024).

2.4.3. Future Developments

Sedgefield's planning vision is to guide growth in a way that keeps the town compact, mixed-use and environmentally sensitive, rather than allowing it to sprawl unchecked. The local planning frameworks promote consolidation of the existing urban footprint through infill and modest densification, supported by a clearer system of nodes and corridors where residential, commercial and community uses are clustered together in walkable areas. Higher-intensity development is steered towards specific mixed-use nodes and along key access routes, while sensitive coastal, wetland and dune environments are to be protected behind a firm urban edge (Knysna Local Municipality, 2024). At the same time, there is a strong emphasis on better integrating different neighbourhoods, improving access to services, and

creating opportunities for affordable and well-located housing. The map below provides a visual of future developments within Sedgefield.

Map 3: Future Developments



(Lightstone Property, 2025)

Future residential growth around Sedgefield will significantly expand the local catchment, which supports development of a new retail node anchored by a 2 000 m² Checkers, in addition to the existing Pick n Pay and KwikSpar. The SDF earmarks substantial new residential land north of the N2 and along the north-eastern edge of the town, indicating medium- to long-term household growth. Pine Lake Living Estate (±176 homes), Sysie Square (14 apartments), Village on Sedge (19 units) and the new apartment block at the Service/Tinktinkie intersection will collectively introduce a meaningful number of new middle-income units, while upgrading and formalisation in Smutsville, together with the 142-unit FLISP and subsidised infill housing project at the settlement entrance, will broaden the lower- to middle-income base close to the proposed node. Within this context, the SDF's designation of a secondary mixed-use node in the south-eastern part of Sedgefield, which includes the subject site, provides clear policy support for higher-intensity, mixed-use development at this location.

A 2,000 m² Checkers will function as a strong full-line supermarket anchor that both competes with and complements the existing Pick n Pay and KwikSpar by widening price, range and brand choice for residents. Located in the identified mixed-use node, the Checkers-anchored centre can intercept shopping trips from the new residential areas and from Smutsville, shorten travel distances for many households, and relieve trading pressure and congestion at the current grocery centres. The size of the anchor is appropriate for a neighbourhood-level centre and could support a mix of line shops and services, such as food outlets, clothing, health and beauty, financial and personal services. Overall, the combination of planned housing growth and diversification of income bands highlights that a 2,000 m² Checkers anchor is well placed to capture additional spend, enhance competition, and strengthen Sedgefield's overall retail offering.

2.5. Agent Discussions

2.5.1. Seeff

Population growth within Sedgefield is described by a local residential agent (Urban-Econ via Seeff, 2025) as rapid, with sustained in-migration of both foreign buyers (notably German) and South African semigrants, particularly from Gauteng, Cape Town, and the Eastern Cape. This growth is viewed as positive for the local economy, contributing to increased activity and an outward extension of the town, which aligns with the recent expansion of the urban edge to accommodate anticipated growth. Residential demand pressure is reflected in pricing: typical three- to four-bedroom family homes are reported to be transacting at values above R3 million, with rentals for comparable units generally falling in the range of approximately R20,000 to R30,000 per month, and limited availability below these thresholds.

Retail facilities, specifically the existing Pick n Pay and Spar, are reportedly under significant pressure during peak tourist periods and weekends (throughout the year), with instances of stock depletion (fresh produce and meat) by Saturday evenings when "swallows" and other visitors are in town. While out-of-season and midweek trading conditions are more manageable, local residents reportedly adapt their shopping behaviour to avoid weekends, indicating that current retail infrastructure is strained under peak demand and that additional retail capacity is warranted. Overall, agent feedback highlights strong and growing residential demand, resulting in a clear need for additional retail capacity to service both permanent residents and seasonal visitors.

2.5.2. REMAX

Demand for additional retail and commercial floor space in Sedgefield is reported to be strong, driven by recent population growth and associated semigration into the town. Local commercial agent (Urban-Econ via REMAX, 2026) indicated that existing retail provision is limited, with the current grocery offering consisting primarily of a Quick Spar and a Pick n Pay, both of which trade well and experience high levels of activity, particularly the Spar. Operational constraints at the existing Spar relate mainly to parking availability rather than weak demand, suggesting strong underlying retail spending.

Market feedback indicates that there is currently no vacant formal commercial space available in Sedgefield, which further supports the view of an undersupplied commercial property market. A recent commercial transaction cited by an agent reflects a selling price of approximately R3.5 million for around 600 m² of floor space; however, on average floor space can go up to R18,000 per m² for retail property. On this basis, local agents are of the opinion that an additional grocery retailer and associated convenience-focused retail could be supported in Sedgefield, although ultimate viability would depend on the specific development concept and positioning relative to the existing Spar and Pick n Pay node, which already accommodates a range of complementary line shops and services.

2.6. Synthesis

The proposed 4,000 m² neighbourhood shopping centre, anchored by a 2,000 m² Checkers supermarket, is strategically positioned within a strong locational and policy framework in Sedgefield. Located near the intersection of Egret Street and Service Road, just north of the N2 corridor, the site benefits from high visibility, ease of access, and proximity to expanding residential areas. Its placement within the urban edge and within a designated mixed-use node aligns with the spatial development strategy that encourages compact, infill-oriented growth. At the macro scale, Sedgefield forms part of the Garden Route corridor, situated between George and Knysna. The N2 serves as the

town's main arterial and economic spine, concentrating most commercial activity along its linear core. At a micro level, the proposed site occupies one of few remaining greenfield opportunities within the urban edge. Its central location allows it to serve several residential catchments within Sedgefield and well as the broader surrounding agricultural settlements. This cross-market reach enhances potential footfall while reducing travel times for many households, consistent with Sedgefield's goal of improving spatial equity and local access to services.

The introduction of a Checkers-anchored centre will generate both competitive and complementary effects on the existing retail environment. Checkers, as a full-line supermarket, will compete directly with the Pick n Pay and Superspar in the grocery segment but is expected to do so by widening consumer choice rather than fragmenting the local market. Its presence could relieve pressure on the two existing centres, both of which experience congestion and supply constraints during weekends and holiday seasons. Rather than displacing trade, the new node will redistribute demand geographically, balancing retail activity between the western (existing nodes) and eastern (proposed site) parts of the town. This would expand the commercial area without weakening activity along the main N2 strip.

Section Three: Socio Economic Analysis

3.1. Introduction

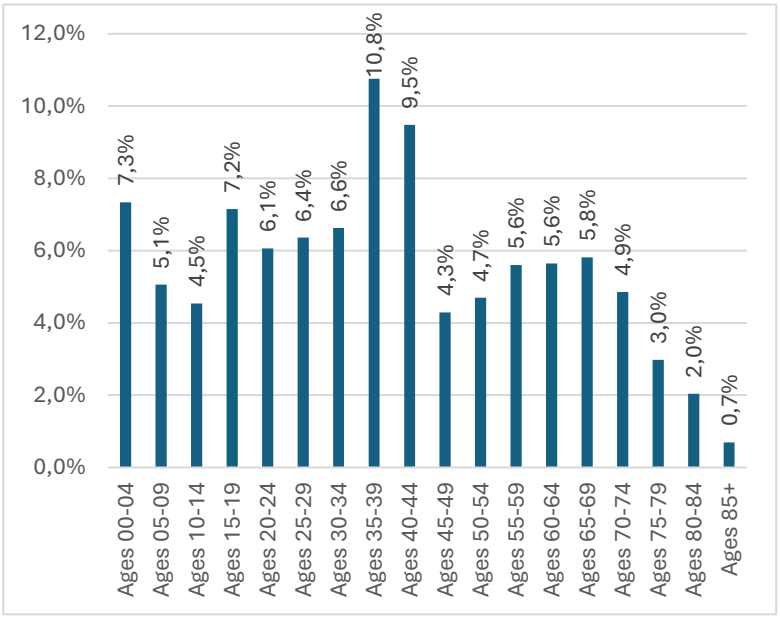
This section provides an overview of the socio-economic conditions shaping development within Sedgefield. It outlines key demographic trends, labour market indicators, income patterns, and expenditure behaviour to contextualize local economic potential and household demand. The analysis also highlights broader macro-economic dynamics, including sectoral composition, inflation, and interest rate movements that influence local development prospects.

3.2. Socio-Economic Profile

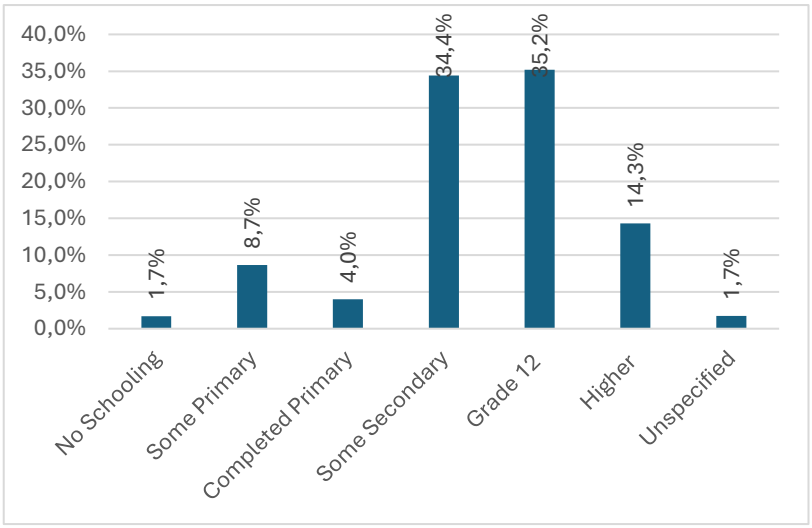
Knysna Local Municipality is anticipated to grow steadily, with its population increasing from 78,810 in 2025 to 83,955 in 2030 and 89,437 in 2035, while households rise from 24 ,879 to 26,754 and 28,769 respectively. These trends are consistent with Knysna's role as an attractive coastal municipality experiencing ongoing in-migration and associated pressure on land, services and municipal infrastructure. At the local level, Sedgefield follows a similar but smaller-scale growth trajectory. The town's population is projected to increase from 9,892 residents in 2025 to 10,537 in 2030 and 11,225 in 2035, accompanied by household growth from 3,827 to 4,116 and then 4,426 over the same period (Urban-Econ Via Quantec (EasyData), 2026). This pattern of household growth marginally outpacing population growth suggests a gradual reduction in average household size and implies growing demand for serviced residential land, community facilities and supporting infrastructure within Sedgefield's urban footprint.

Sedgefield's population growth is driven by multiple factors, highlighting its interest as a coastal lifestyle destination within the Garden Route. Semigration from inland provinces, particularly Gauteng, the Eastern Cape, and foreigners, has emerged as a primary driver, with affluent residents relocating in search of better service delivery, quality of life, and coastal living (Urban-Econ via Seeff, 2025)**. This trend has accelerated post-pandemic, transforming Sedgefield from a predominantly seasonal tourism village into a year-round residential center. Natural migration and informal settlement expansion also contribute to population dynamics. While semigration accounts for much of the formal residential growth, particularly among working-age adults and retirees; informal settlement increase in areas like Smutsville reflects economic migration from rural areas and other provinces seeking employment opportunities in tourism, retail, and services. Sedgefield's unique ecological setting, surrounded by lakes, nature reserves, indigenous forests, and beaches, combined with its mild climate and outdoor lifestyle, continues to attract both permanent residents and seasonal visitors. This combination of semigration, tourism appeal, economic opportunity, and environmental amenity creates pressures that necessitate strategic planning to balance development with the preservation of the town's character and ecological integrity** (Knysna Local Municipality, 2024)**.**

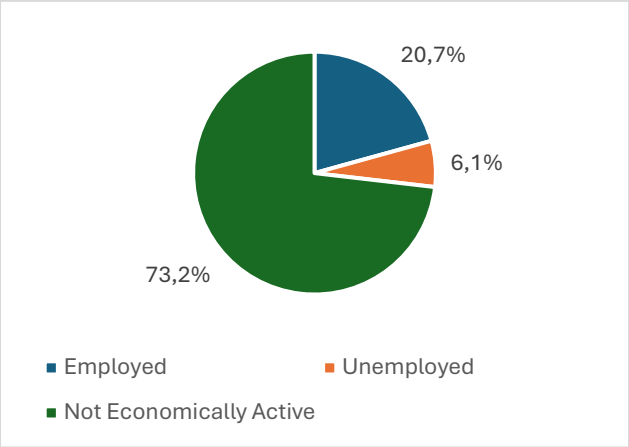
Looking at Sedgefield's age structure, it points to a broad and balanced consumer base that highlights diverse retail activity (Urban-Econ Via Quantec (EasyData), 2026). Children and younger residents aged 0–29 years account for roughly 41% of the population. This population group supports ongoing demand for everyday convenience goods, school-related products, affordable clothing, fast food and leisure-orientated retail, strengthening the role of neighbourhood supermarkets. Adults in the 30–44 and 45–64 age brackets together comprise just under half of residents, at about 47%. This strong working-age and early-retirement segment typically drives higher and more diversified retail expenditure, including demand for full-line grocery stores, household goods, home improvement, financial and professional services, as well as restaurants and speciality lifestyle outlets. Residents aged 65 years and older account for approximately 16,4% of the population, reinforcing Sedgefield's profile as a lifestyle and retirement-oriented town. This portion of the population generates stable, year-round expenditure focused on health and wellness (pharmacies and medical supplies), personal services (haircare, beauty, laundry) and accessible, convenience-orientated grocery retail. Cumulatively, these age-based spending patterns highlight a resilient local consumer base capable of sustaining a compact but diversified retail node, with particular emphasis on convenience, health and lifestyle-oriented goods and services.



Sedgefield's education profile highlights higher levels of schooling, with only 1,7% of residents recorded as having no schooling, 8,7% with some primary education and 4,0% having completed primary (Urban-Econ Via Quantec (EasyData), 2026). Together, these lower-education categories account for just 14,4% of the population and highlight a more price-sensitive consumer segment whose spending is likely to concentrate on basic food staples, low-cost household goods, entry-level clothing and footwear, second-hand and discount outlets, as well as informal or small-format convenience retail. By contrast, 34,4% of residents have some secondary education, 35,2% have Grade 12, and 14,3% have higher education, with only 1,7% unspecified. This means that roughly 83,9% of Sedgefield's population has at least some secondary schooling, pointing to a broad middle- to higher-income consumer base with more diversified retail demand, including full-line

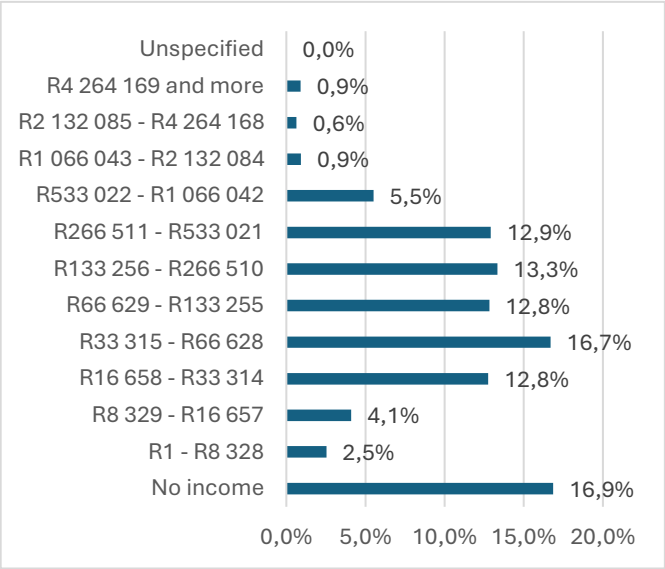


supermarkets, pharmacies, financial and communication services, restaurants and coffee shops, and selected comparison and lifestyle-orientated stores.



Sedgefield's labour market profile highlights a relatively small active labour force alongside a very large not economically active component (Urban-Econ Via Quantec (EasyData), 2026). Only 20,7% of residents are employed, while 6,1% are unemployed, indicating that just under 27% of the population is actively participating in the labour market. This limited employed base constrains locally generated disposable income and strengthens the importance of capturing spend from retirees, commuters, visitors and holidaymakers to sustain the town's retail sector. A substantial 73,2% of residents are classified as not economically active, which includes learners, students, homemakers, pensioners and other individuals not seeking work. In Sedgefield, this high share is likely driven by the town's retiree population and school-going population. For retail, this highlights a steady but cautious expenditure patterns, with strong demand for affordable groceries, pharmaceuticals, personal services and convenience shopping, while higher-order and luxury retail remains more dependent on seasonal tourism and visitor injections.

The labour-market profile and the income distribution are closely connected, as the 20,7% of residents who are employed constitute the core source of wage-based household income in Sedgefield. A relatively small, employed base, combined with a large not-economically-active population, helps explain the large share of households in the lower and lower-middle income brackets.



Sedgefield's income profile highlights a significant lower- to middle-income consumer base (Urban-Econ Via Quantec (EasyData), 2026). Around 16,9% of residents report no income, while a further 2,5% fall into the R1–R8 328 band and 4,1% into R8 329–R16 657, indicating that approximately 23,5% of the population has very limited spending power and is likely to focus expenditure on basic food staples, low-cost household items, informal retail and discount outlets. A sizeable portion of residents fall in the lower- to mid-income brackets: 12,8% earn R16 658–R33 314, 16,7% earn R33 315–R66 628, and another 12,8% fall in R66 629–R133 255. The mid-- to upper-income categories are also well represented, with 13,3% of residents earning R133 256–R266 510, 12,9% earning R266 511–R533 021, and 5,5% in the R533 022–R1 066 042 band, while smaller shares earn R1 066 043–R2 132 084 (0,9%), R2 132 085–R4 264 168 (0,6%) and R4 264 169 and more (0,9%). These middle- and higher-income segments together account for just over half of the

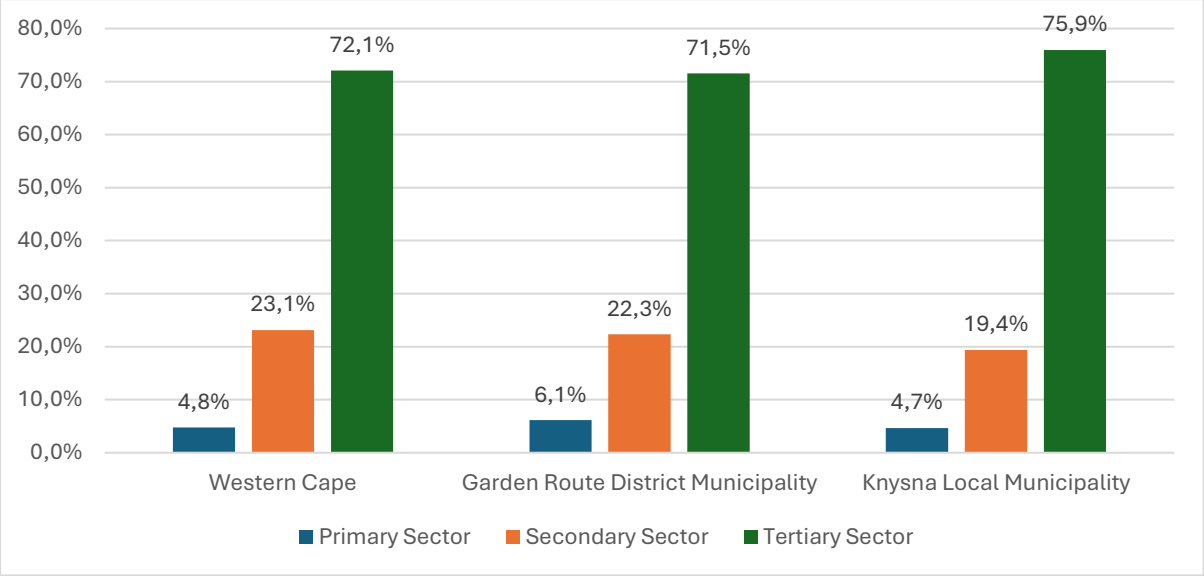
population and underpin demand for more diversified and higher-order retail, including full-line supermarkets, pharmacies, restaurants and coffee shops, financial and professional services, and selected comparison and lifestyle outlets, particularly during peak tourist and holiday periods.

Linking in with household income is expenditure. Expenditure pattern indicated below is representative of households in the broader Knysna Local Municipality rather than Sedgefield specifically. However, given Sedgefield's integration into the municipal economy and its similar demographic and income profile, these figures provide a reasonable proxy for understanding local spending behaviour and likely retail demand in the town. Household expenditure patterns in Knysna Local Municipality are dominated by services and non-durable goods, with limited expenditure on durables and semi-durables. Only 5,6% of total household spending is allocated to durable goods, while semi-durable goods account for 5,1%. Non-durable goods account for 25,7% of overall expenditure, and a substantial 63,18% of this category is directed specifically towards food, beverages and tobacco. This concentration highlights the critical role of grocery and convenience retail in the economy, with supermarkets, smaller food stores and related outlets capturing the bulk of residents' day-to-day non-durable goods spend

3.3. Macro-Economic Profile

The following figures indicate the contributions made by the main economic sectors and are presented for the Western Cape, Garden Route District Municipality, and the Knysna Local Municipality.

Figure 2: GVA Contribution per Sector



(Urban-Econ Via Quantec (EasyData), 2026)

The figure above show that the tertiary sector makes the largest contribution to both the Western Cape, Garden Route District Municipality, and the Knysna Local Municipality. The tertiary sector contributes 72.1% to the Western Cape, 71.5% to the Garden Route District Municipality, and 75.9% to the Knysna Local Municipality.

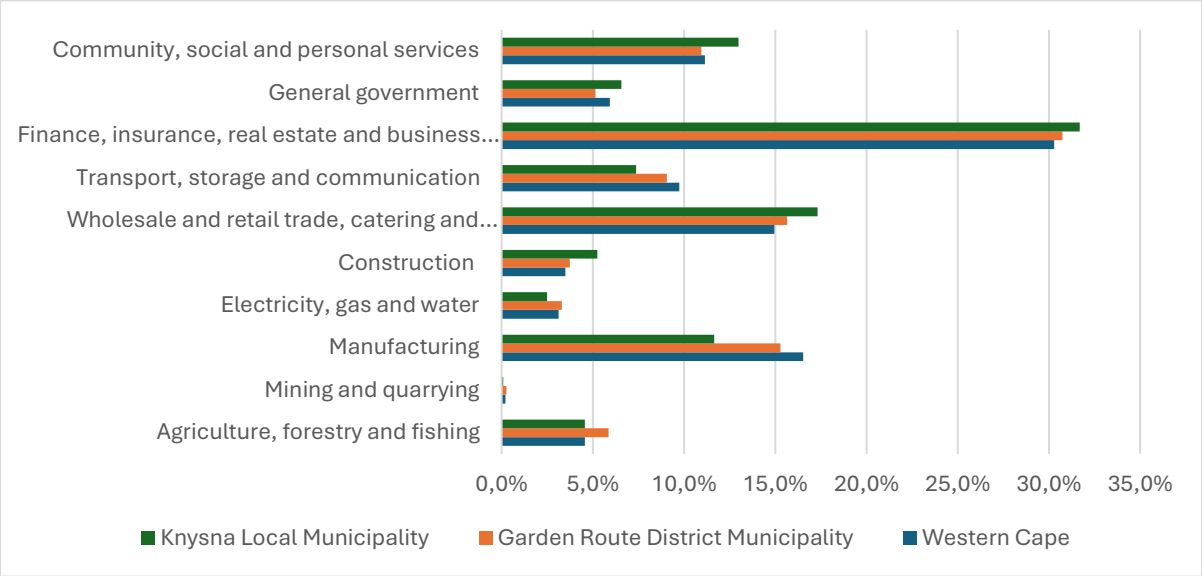
The following table provides a breakdown of the main industries that fall within the respective sectors.

Table 2: Sector breakdown

Sector	Industries
Primary sector	Agriculture, forestry, and fishing Mining and quarrying
Secondary sector	Manufacturing Electricity, gas, and water Construction
Tertiary sector	Wholesale and retail trade, catering, and accommodation Transport, storage and communication. Finance, insurance, real estate, and business services. General governance Community, social and personal services

Based on the sector breakdown in the table above, the following figures indicate the economic contributions made by various industries within the Western Cape, Garden Route District Municipality, and the Knysna Local Municipality.

Figure 3: GVA Contribution per Industry



(Urban-Econ Via Quantec (EasyData), 2026)

The table shows that finance (including insurance, real estate and business services) is the largest contributor to GVA in all three areas, accounting for 30,3% in the Western Cape, 30,7% in the Garden Route District Municipality, and 31,7% in Knysna Local Municipality. Manufacturing is the next largest sector, contributing 16,5%, 15,3% and 11,7% respectively, followed by wholesale and retail trade, catering and accommodation at 15,0%, 15,6% and 17,3%. Agriculture, forestry and fishing play a relatively small role, contributing 4,6% in both the Western Cape and Knysna, and 5,9% in the Garden Route District, while mining and quarrying is negligible at 0,2%, 0,3% and 0,1%. Community, social and personal services account for 11,1% in the Western Cape, 10,9% in the Garden Route District and 13,0% in Knysna, and although general government (5,9%, 5,1%, 6,6%), electricity, gas and water (3,1%, 3,3%, 2,5%) and construction (3,5%, 3,7%, 5,2%) add some value, their contributions are considerably smaller than those of the dominant tertiary sectors.

3.4. Inflation and Interest Rate

South Africa's interest rate environment has experienced considerable volatility over the past decade, shaped by global economic shocks and domestic inflation pressures. The SARB repo rate fell to an historic low of 3.50% in July 2020 as policymakers implemented emergency monetary stimulus during the COVID-19 pandemic. From late 2021 through May 2023, the bank executed a steep tightening cycle, raising the repo rate to 8.25% to combat surging inflation driven by global supply chain disruptions and energy price shocks. Since September 2024, policy has reversed course, with the SARB implementing a series of rate cuts that brought borrowing costs down to 6.75% by November 2025. This easing reflects improving inflation dynamics and the bank's adoption of a new, more ambitious inflation target of 3% (down from the previous 4.5% midpoint), with further gradual rate reductions anticipated throughout 2026 (South African Reserve Bank, 2026).

Inflation trends mirror this volatility, though recent momentum is decidedly positive. Annual inflation exceeded 6% in 2016 amid domestic political and economic uncertainty, then spiked again in 2022-2023 due to global supply pressures, elevated energy and food costs, and rand weakness. However, inflation has since cooled markedly, falling to 3.2% in 2025, the lowest annual rate in over two decades, and ending the year at 3.6%, comfortably within the SARB's target band. The improvement reflects moderating global conditions, subdued domestic demand, and the lagged effects of monetary tightening. Looking ahead, the SARB expects inflation to continue easing to 3.3% in 2026 (South African Reserve Bank, 2026).

Lower and gradually easing interest rates, together with low and stable inflation, creates a favourable environment for the proposed retail development in Sedgefield. Cheaper borrowing costs make it easier for developers and tenants to obtain finance. With inflation around 3.3%, households face less pressure from rising prices, supporting more reliable spending on everyday items such as food and basic services. In a town where existing supermarkets are busy and space-constrained, this context supports a well-located neighbourhood centre focused on essential retail, rather than a large, high-end, strongly discretionary offering.

3.5. Synthesis

The socio-economic profile of Sedgefield reflects a steadily expanding and diversifying local economy underpinned by population growth, ongoing semigration, and a strong tertiary sector orientation within the broader Knysna Local Municipality. The town's population is projected to grow from approximately 9,892 residents in 2025 to 11,225 in 2035, signalling rising demand for residential land, community facilities, and neighbourhood-scale retail services. Migration trends, particularly lifestyle-driven relocation by foreigners, retirees and working-age professionals, are driving a gradual transition from a seasonal settlement to a stable, year-round community.

The demographic composition highlights a balanced age structure that supports sustained retail activity across multiple consumer segments. A strong share of working-age residents and retirees underpins stable local expenditure, while the large youth portion sustains demand for convenience retail, school-related goods, and quick-service outlets. Relatively high levels of education and the broad distribution of households across income tiers point to a mix of price-sensitive and aspirational consumption patterns. These dynamics collectively favour a compact but diversified retail environment focusing on food and beverage, household goods, health, and lifestyle-oriented services.

While employment rates remain modest and a significant portion of the population is not economically active, the prevalence of pension, grant, and investment-based income ensures steady, if moderate, consumer spending. The income distribution shows a strong lower- to middle-income base, complemented by a fairly large upper-income portion capable of supporting select higher-order retail offerings. Expenditure patterns confirm that household spending is concentrated in non-durable goods, particularly groceries and daily necessities, highlighting the dominant role of supermarket and convenience retail formats.

At the macro-economic level, the local economy mirrors the broader regional structure, with the tertiary sector, led by finance, real estate, retail trade, catering, and accommodation, contributing the majority of value addition. The current low-inflation, easing-interest-rate environment improves household affordability and investment prospects, supporting retail expansion potential.

The socio-economic indicators point to a supportive environment for a new retail development in Sedgefield, particularly one anchored by grocery. A neighbourhood-scale or convenience-oriented retail centre would align with prevailing income levels, demographic composition, and expenditure patterns, while targeting both permanent residents and seasonal visitors. Positioning should emphasise accessibility, quality, and everyday convenience, with scope for limited higher-order retail, such as speciality food, wellness, and leisure outlets, to serve the growing middle- and upper-income segments and the town's expanding tourism market.

Section Four: Market Potential Analysis

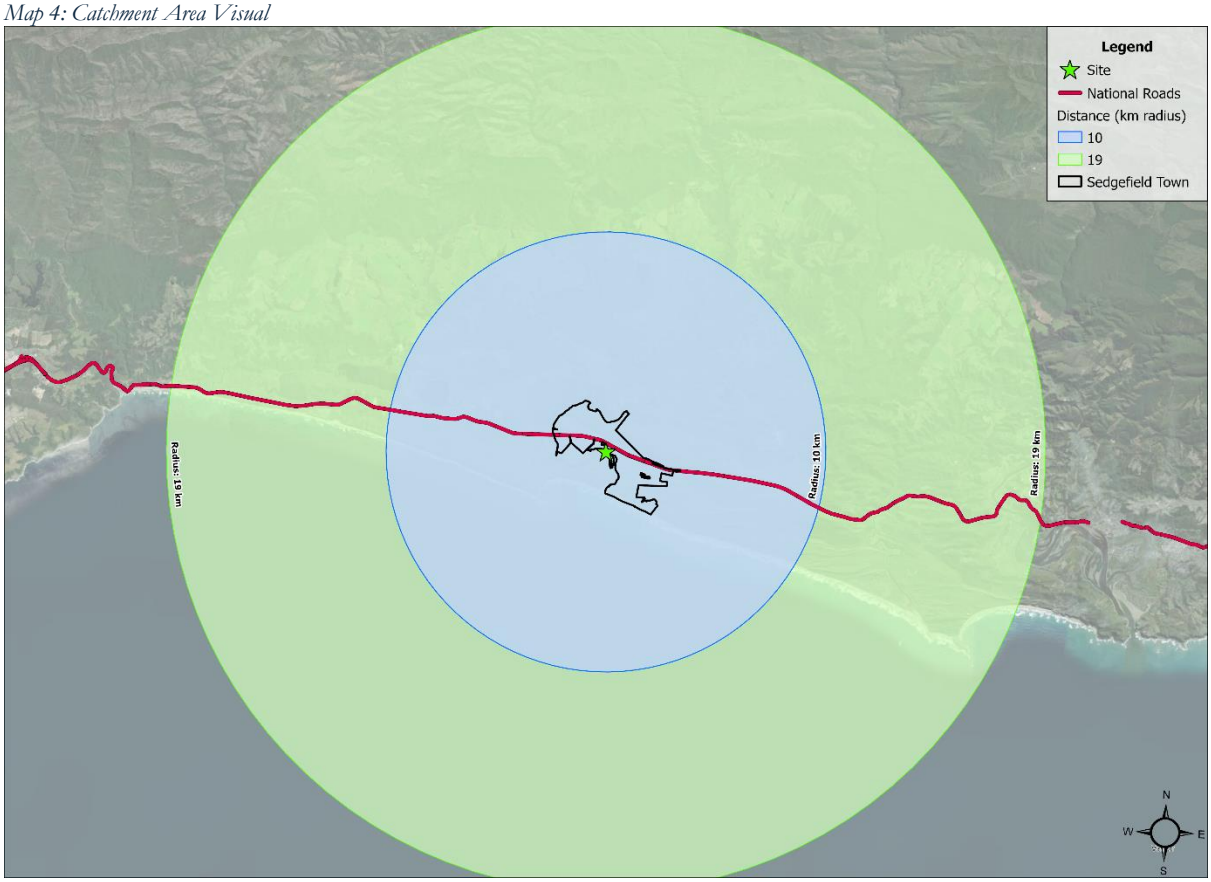
4.1. Introduction

This section provides an analysis of the market potential for the proposed retail facility, based on the defined market area. The assessment encompasses several core elements, including the applied methodology, population and household growth dynamics, trading densities, leakages and injections, inception and vacancy rates, existing supply, and the calculation of net effective demand.

4.2. Market Area Delineation

For the purpose of the net effective demand model, all subplaces located within a 10 km radius of Sedgefield are defined as the primary market area, whereas subplaces situated between 10 km and 19 km from Sedgefield are defined as the secondary market area. It should be noted that not all subplaces within the 10–19 km range were included in the analysis; for instance, Hoekwil and Belvidere Estate were excluded due to their closer spatial association with the neighbouring towns of Wilderness and Knysna, respectively. A visual of the radiuses utilised for the primary and secondary market areas are provided in the map below.

Map 4: Catchment Area Visual



(Urban-Econ via ArcGis, 2026)

The subplaces incorporated into the net effective demand model, based on the defined catchment radii, are presented in the table below.

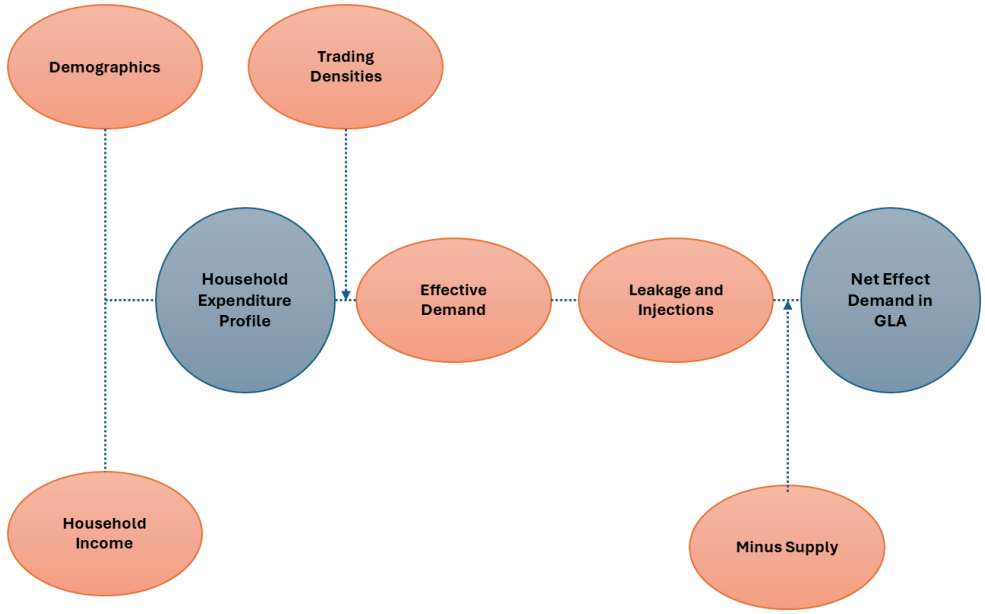
Table 3: Market Area (Subplaces)

Primary Market Area (0km – 10km)	Secondary Market Area (10km – 19km)
Cola Beach	Buffelsbaai
Meedingsride	Karatara
Sedgefield	Karatara Forest Station
Sedgehill	Belvidere Estate
Smutsville	Phantom Pass
Swartvlei	Rheenendal
Myoli Beach	
The Island	
Groenvallei	
Groenvlei	

4.3. Methodology

The approach employed to assess the market potential of a retail facility was crafted by considering various demand and supply factors pertinent to the market area. This methodology involves comparing the relevant supply against the total demand within the market region. Both supply and demand are quantified in terms of floor area, specifically referring to the gross leasable area (GLA). Through this process, the net effective demand (NED) or market potential in terms of GLA for the proposed retail component is determined, providing crucial insights into the feasibility of the proposed retail development. The following figure will provide a simple breakdown of what the methodology entails to ultimately allow for the calculation of the NED for additional retail space within the market area.

Figure 4: Retail Methodology



4.4. Population and Household Growth

In the analysis of market potential, understanding the population and household dynamics is important. This section delves into the projected population and household profiles for the foreseeable future, extending up to the year 2035.

By employing a calculated 5-year average growth rate, we aim to elucidate the anticipated changes in both the primary and secondary market Areas. The population profile provides crucial insights into the size and composition of households within the delineated market area. These population figures serve as foundational pillars for the demand modelling efforts, ultimately serving as a guideline in understanding the market's needs and potential.

Table 4: Population and Household Growth

		2026	2027	2030	2035
PMA	Population	10 438	10 595	11 079	11 936
	Household	4 758	5 536	7 952	12 264
SMA	Population	6 155	6 247	6 533	7 038
	Household	1 554	1 581	1 664	1 813

(Stats SA Census 2011 Data Via Quantec Easy Data, 2026)

From the above table, a substantial growth rate for both the PMA and SMA's population and household numbers is seen. Due to this significant increase in population and household numbers for both the PMA and SMA, it can be expected that there will be an increase in demand for retail within the market areas over time.

4.5. Trading Densities

Trading densities represent the annual turnover per square meter (m^2) required for a business to remain viable. Different retail categories necessitate varying income levels per square meter to ensure sustainability, determined by factors like profit margins and operational costs. Converting expenditure into square meters helps gauge the potential effective demand for a proposed development accurately. Thus, trading densities are integrated into demand calculation models to determine the desired Gross Leasable Area (GLA) for each retail category. Applying relevant trading densities to expenditure categories enables the calculation of effective demand for retail floor space within the market area, facilitating precise space requirement estimations and informed decision-making in retail development planning. The trading densities utilised within the net effective demand model are indicated in the table below.

Table 5: Trading Densities

Neighbourhood	
Category	**Q2 2025**
Apparel	**R 29 444**
Barrows/Kiosks	**R 195 605**
Books/Cards/Stationery	**R 30 939**
Car & Motorbike Sales	**R -**
Convenience Services	**R 20 125**
Department Stores	**R 32 332**
Electronic/Photography/Music	**R 46 375**
Entertainment	**R 6 183**
Eyewear	**R 48 631**
Food	**R 30 964**
Food Service	**R 34 026**
Health & Beauty	**R 55 728**

Neighbourhood	
Category	Q2 2025
Home Furnishings/Antiques/Décor	R 18 845
Jewellery	R 112 443
Learning Centres	R -
Luggage	R 53 005
Non-Turnover Generating Stores	R -
Offices	R 238
Shoes	R 30 609
Sport Utilities	R -
Speciality	R 25 897
Sporting/Outdoor Goods & Wear	R 29 963
Storage	R -
Travel Stores	R 73 437

(SAPOA, 2025: Q2)

4.6. Leakages and Injections

Leakages represent the percentage of residents who leave the ***primary market area*** to shop at external centres, while injections refer to people from ***secondary market area*** who come to the PMA for retail purposes. The interception factor in a retail model is a measure of the PMA's ability to retain and attract shoppers, determining the effectiveness of local retail facilities in meeting consumer demand.

For this study, a 30% leakage was applied to the primary market area. The primary market area is small and largely residential, with limited formal retail floorspace. Existing facilities focus on everyday convenience shopping, with a narrow range of comparison goods and higher-order services. Larger centres such as Knysna and George, accessible via the N2, offer a much wider retail choice and draw residents for bulk and discretionary shopping. Sedgefield's Cittaslow, village-scale character further limits major retail agglomeration and local choice. These structural factors justify an assumed 30% leakage of retail expenditure from the primary market area to higher-order centres.

An injection of 60% was applied from the secondary market area. The secondary market area are small, dispersed communities with very limited formal retail provision. Residents therefore depend on nearby service towns for most higher-order and periodic shopping. Sedgefield, as the closest and most conveniently accessed town, already functions as a key node for employment and recreation, reinforcing regular trips for convenience purchases. These factors justify assuming that approximately 60% of retail expenditure generated in the secondary study area will flow into the primary market area.

4.7. Interception Rate

The interception rate refers to the likelihood of customers in the market area choosing a specific retail facility over others. Over the years, the interception rate is expected to increase due to factors such as the retail facility's establishment and growing familiarity in the market. Factors influencing the increase in interception include enhanced brand recognition, improved customer loyalty, effective marketing strategies, etc. This all contribute to a higher

preference for the specified retail facility within the market area. An interception rate of 55% was applied to the PMA in 2026, which increased to 65% in 2029, and 75% from 2032 onwards.

4.8. Vacancy Rate

Examining vacancy rates is essential in a retail study focusing on the potential development of a neighbourhood shopping centre. In assessing market potential, the methodology considers the industry trend of neighbourhood centers' vacancy rates. At present, these centres have a vacancy rate of 3.2%. Vacancy rates provide valuable insights into the existing retail landscape, indicating the balance between supply and demand for retail space within the market area. A low vacancy rate suggests a healthy and vibrant retail environment with high demand for retail space, while a high vacancy rate may indicate oversaturation or economic challenges within the market. By incorporating the vacancy rate into the demand model, stakeholders can accurately assess the effective demand for the proposed retail development. To derive net effective demand, this vacancy percentage is subtracted from the effective demand, ensuring an accurate reflection of the current market dynamics. This ensures that the development aligns with market needs and is positioned for success within the local retail landscape.

4.9. Supply

In assessing the potential development of a neighbourhood shopping centre, understanding the supply of retail space is crucial. The methodology considers various aspects of retail supply, including the availability and distribution of existing retail centres within the market area. This includes analysing factors such as the size, type, and location of retail facilities, as well as their overall occupancy rates. By examining the supply side of the retail market, stakeholders can gain insights into the level of competition, saturation, and market dynamics affecting retail space availability. This comprehensive understanding of retail supply informs the development strategy and ensures that the proposed community centre is strategically positioned to meet market demand effectively. Additionally, it enables stakeholders to identify opportunities for differentiation, identify underserved segments, and optimise the center's mix of tenants and offerings. The table below provides an overview of the current neighbourhood shopping centres within Sedgefield.

Table 6: Supply (Neighbourhood Shopping Centres)[1]

Name	Type	GLA	No Tenants	Anchors
Superspar Centre	Local Convenience Centre	3 541	10	Superspar, Tops at Spar, Clicks, The Crazy Store
Woodpecker Mall	Local Convenience Centre	2 765	10	Pick n Pay Family, Pick n Pay Clothing, Pharmacy

[1] ***Supply considered for the purpose of the model are retail centres which align with the proposed neighbourhood shopping centre.***

To refine the calculation of net effective demand (NED), the GLA of existing competitors within the primary market (6 306m^2) has been deducted from the effective demand. This subtraction accounts for the presence of existing retail supply, offering a more precise depiction of the market's potential demand.

4.10. Net Effective Demand

The subsequent table illustrates the total projected Net Effective Demand (NED), along with the NED for specific retail sectors, derived from the demand model calculations.

Table 7: Retail NED (GLA in m²)

	2026	2027	2030	2035
Food and Non-Alcoholic Beverages	855	1 172	2 776	5 279
Alcoholic Beverages and Tobacco	78	106	249	469
Clothing and Footwear	343	471	1 121	2 139
Furnishings, Household Equipment and Routine Maintenance	1 577	2 191	5 322	10 337
Medical Products, Appliances and Equipment	45	62	151	292
Postal Services	7	9	23	44
Telephone and Telefax Equipment	25	35	82	154
Telephone and Telefax Services	378	521	1 246	2 389
Recreation and Culture	288	399	960	1 851
Catering Services	183	253	607	1 169
Personal Care	124	171	408	782
Personal Effects	41	56	135	260
Financial Services n.e.c	64	89	215	415
Total	**4 008**	**5 536**	**13 296**	**25 582**

From 2026 to 2035, there has been a noticeable upward trajectory in the Total Gross Leasable Area (GLA) for the proposed retail development. Starting at approximately 4 008m² in 2026, the GLA steadily climbs to 25 582m² by 2035. This significant increase in GLA reflects the growing demand and potential consumer pool within the market area. Among the retail categories experiencing the most substantial GLA expansion are Food and Non-Alcoholic Beverages (855m²), Clothing and Footwear (343m²), Furnishings, Household Equipment, and Routine Maintenance (1 577m²), and Telephone and Telefax Services (378m²). These categories demonstrate a consistent upward trend over the years, indicating sustained demand and market growth. As GLA expands, it signifies an enhanced capacity to accommodate a diverse range of retail offerings, catering to the evolving needs and preferences of the community. This upward trend in GLA, coupled with the expanding presence of key retail categories, bodes well for the proposed retail development, positioning it favourably to capitalise on the increasing consumer demand and contribute significantly to the local retail landscape. Additionally, this not only creates opportunities for businesses to thrive but also contributes to the overall vitality and economic growth of the local community.

It should be noted that the above model does not incorporate the potential injection of tourism-related spending, as they are inherently difficult to quantify. However, given the area's growing appeal as a

tourism and leisure destination, it is reasonable to expect that visitor expenditure will provide an additional boost to retail performance beyond what is reflected in the modelled projections. Seasonal peaks in tourist activity, coupled with the anticipated growth in hospitality and accommodation facilities, are likely to generate supplementary consumer demand, particularly within the Food and Beverage, Clothing, and Specialty Retail categories. Consequently, the actual market performance of the proposed retail development may outperform the base model estimates.

Importantly, the net effective demand reflects the additional retail demand within the market area after accounting for existing competition in the local context. In Sedgefield's case, the presence of a positive net effective demand indicates that the market retains capacity to accommodate additional retail development, albeit within a setting where competition among existing retailers in the Sedgefield CBD is anticipated to increase. This positive demand outlook aligns with an upward trajectory in total retail space requirements (GLA), highlighting absorption potential for new retail offerings. It further highlights the need for a well-considered tenant mix and strategic positioning to ensure that both new and existing retailers can operate sustainably within a competitive and evolving retail environment..

Section Five: Economic Modelling

5.1. Introduction

The purpose of this section is to develop a better understanding of the potential economic impact of the proposed development. Economic impact refers to the effect on the level of economic activity in each area because of some form of external intervention in the economy. In the case of this study, the local impacts will be impacted on a regional level. These impacts are measured because of the capital investment in the proposed development. This analysis focuses on the changes that could be expected in the economy and community and can be estimated by using a technique called the Social Accounting Matrix (SAM) model (discussed below).

5.2. Understanding the Social Accounting Matrix Model

The Social Accounting Matrix modelling approach has proven to be an effective method for evaluating the implications of introducing an exogenous change to the economy. The modelling approach is recognised and is accepted nationally and internationally. A Social Accounting Matrix represents the flows of all economic transactions that take place within an economy. Social Accounting Matrix refers to a single year providing a static picture of the economy, based on national accounting statistics and input-output tables that are compiled and published by Statistics South Africa (Stats SA), using primarily South African Reserve Bank Accounts data. The model has been amended to include the local conditions.

The matrices can be derived from the model are used as instruments for economic analysis. The fundamental assumptions regarding the model and use of the model are:

- Production activities in the economy are grouped in homogeneous sectors.
- The mutual interdependence of sectors is expressed in meaningful input functions.
- Each sector's inputs are only a function of the specific sector's production.
- The production by different sectors is equal to the sum of the separate sectors of production.
- The technical coefficients remain constant for the period over which forecast the projections are made; and
- There will be no major change in technology.

It should also be noted that:

- All the Rand values in this report represent 2026 Rand values (cost excluding 15 percent VAT).
- The different measures of economic impact (jobs, Gross Domestic Product, and new business sales) cannot be added together and should be interpreted as separate economic impacts.
- The model quantifies direct and indirect economic impacts for a specific amount of time. Therefore, the estimates that are derived do not refer to gradual impacts over time.

Two types of economic impacts can be measured, namely, direct, and indirect impacts:

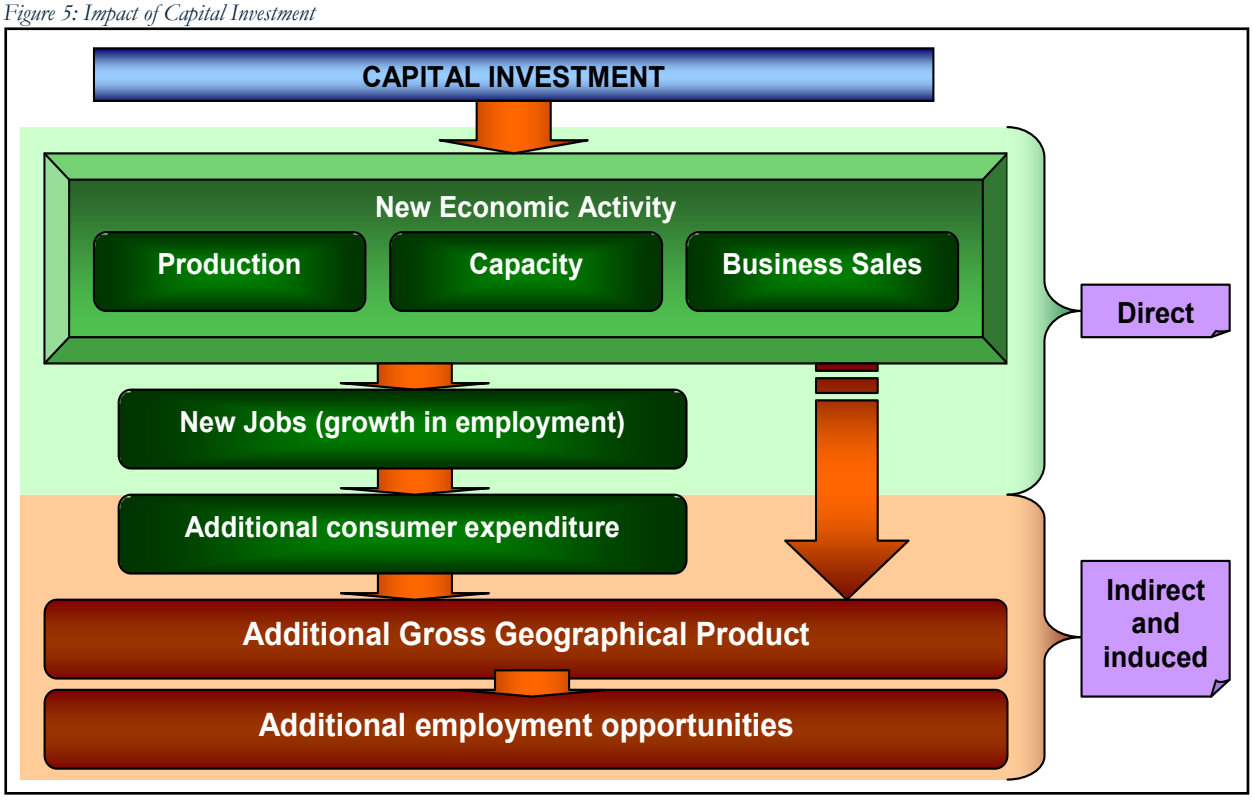
Direct Impacts – changes in local business activity occurring as a direct result or consequence of public or private sector capital expenditure. Direct economic effects are generated when the new business creates new jobs and purchases goods and services to operate the new facility. Direct impacts result in an increase in job creation, production, business sales, and household income.

The multiplicative effects can be grouped into two distinct effects, namely:

- **Indirect Impacts** – occur when the suppliers of goods and services to the new business experience larger markets and potential to expand. Indirect impacts result in an increase in job creation, GDP, and household income.
- **Induced Impacts** – represent further shifts in spending on food, clothing, shelter and other consumer goods and services because of the change in workers and payroll of directly and indirectly affected businesses. This leads to further business growth/decline throughout the local economy. Examples include the income of employees and shareholders of the project as well as the income arising through the backward linkages of this spending in the economy. The impact is sometimes confused with the forward linkages of a project.

The figure below indicates direct, indirect, and induced impacts in detail.

Figure 5: Impact of Capital Investment



Economic impacts can also be viewed in terms of their duration, or the stage of the life cycle in which the development takes place, (1) the construction phase (CAPEX), (2) the operational phase (OPEX).

Due to the duration of these phases, the impacts are separated into those observed during the construction phase and those experienced during the operational phase. The construction phase economic impacts are of a temporary nature and therefore have a temporary effect. On the other hand, the operational phase of the proposed project would last decades; hence the impacts during this stage would be of a sustainable nature. The economic impacts during construction and operational phases can be viewed in terms of a change in the following:

- Job creation – the number of additional jobs created by economic growth. This includes jobs in planning and constructing the facility and sustainable jobs at the facility once it is operational. Indirect and induced job creation will also occur because of direct job and income creation.

- GDP – the value of all final goods and products produced during a one-year period within the boundaries of a specific area, as a direct, indirect, and induced result of activities for/at the precinct during planning, construction, and operation.
- Business output (or sales volume) – the value of all inter- and intra-sectoral business sales generated in the economy because of the planning, construction, and operation of the development.

Any of these measures can be an indicator of improvement in the economic well-being of residents, which is generally the goal of any investment project. The net economic impact is usually viewed as the expansion or contraction of an area's economy, resulting from the induced changes. The precise quantum of these impacts will be influenced by changes in the project (such as precise land-use mix, technologies employed, imported versus local goods and services, timing, and funding options, amongst others) and changes in the project environment (such as property market cycles, interest rates, legislation, the structure of the economic sectors primarily influencing and affected by the development and the labour market, amongst others). The table below provides an overview of the impact modelled for the CAPEX (Capital Expenditure).

Table 8: Impacts Modelled: CAPEX

Capital Expenditure	
Additional new business sales (Additional production/output generated by development)	The construction work on the infrastructure and buildings will lead to the expansion of business sales for existing businesses located within the economy. These changes are measured in terms of new business sales, i.e., new sales that will be generated in the economy as a direct result of the capital investment in the development project.
Additional GDP	One of the most important indicators used to indicate economic growth and value is the GDP. The GDP measures the value of all final goods and services produced/provided within one year of the area's economy.
Additional Employment	Construction activities will result in direct jobs being created on site and other directly related sectors such as the transport and manufacturing sectors. Indirect jobs are also created due to the multiplier effect on the economy. For example, an additional number could lead to an increased number of jobs being created in these businesses, i.e., to increase the output of these businesses.
Additional Household Income	Employment positions during construction will generate revenue for the affected households through direct, indirect, and induced effects. This will include payments in the form of salaries and wages to those individuals directly employed during the construction phase. Households' earnings will be generated through indirect and induced effects resulting from project expenditure. Although temporary, this increase in household earnings will have a positive effect on the standard of living in these households.

The table below provides an overview of the impacts modelled for OPEX (Operational Expenditure).

Table 9: Impacts Modelled (OPEX)

Operational Expenditure	
Additional new business sales (Additional production/output generated by the development)	The increased need for goods and services, because of the construction of infrastructure and the operation of different activities within the proposed development.
Additional GDP	The generation of additional business sales and employment opportunities will initiate an on-going ripple effect through the sub-region, resulting in an increase in product and service value (measured in GDP).
Additional employment	Because of the new activities on the site, it can be estimated that the study area will be able to eventually sustain a substantial number of new employment opportunities.
Additional Household Income	Employment positions will generate personal income (2026 prices), which will be sustained for the entire duration of the project's lifespan. The sustainable income generated as a result of the project's operation will positively affect the standard of living of all benefitting households.

5.3. Assumptions

The total capital expenditure utilised for the SAM model was approximately R80,000,000 this amount is made up of the retail development; total operational expenditure utilised for the SAM model was approximately R43,000,000 per annum (based on assumption that development begins operation in 2027).

5.4. Capital Expenditure

This section discusses the potential economic impact of the construction phase of the proposed development. It must be noted that these impacts are temporary, considering that they are only apparent during the implementation process. This phase will utilise a combination of both intensive labour and machinery to construct the development. The table below depicts the results of the impact modelling for the duration of the construction phase.

Table 10: Impact During Construction Phase (R millions)

Impact	Direct (Construction)	Indirect (Suppliers)	Induced (Salaries and Wages)	Total
Production (@ 2026 R-value)	R80,0 million	R74,6 million	R43,7 million	R198,3 million
GDP (@2026 R-value)	R23,6 million	R28,4 million	R17,6 million	R69,6 million
Jobs	48	117	53	219
Household Income (@2026 R-value)	R12,0 million	R12,6 million	R7,1 million	R31,7 million

As the table shows, the construction of the proposed development will generate approximately R198.3 million in production or in other words new business sales. Approximately R80.0 million will be created through direct effects

and R74.6 million through indirect effects. Secondly, this increase in output will induce a further impact on the gross value added in the country, which is found at approximately R69.6 million from the proposed development, the model suggests that an estimated 219 direct, indirect, and induced employment opportunities will be created during construction, which will increase household incomes by approximately R31.7 million. The table below shows the total impact on each sector during the construction phase.

Table 11: Impacts During Construction Phase on Sectors

Total Impact on Production	Total Impact on GDP	Total Impact on Employment	Total Impact on Household Income	Total Impact on Production
Agriculture	1,3%	1,6%	2,8%	1,0%
Mining	0,1%	0,2%	0,1%	0,2%
Manufacturing	17,7%	14,2%	15,5%	14,2%
Electricity	0,6%	0,9%	0,4%	0,7%
Water	0,3%	0,3%	0,0%	0,2%
Building and Construction	48,0%	30,8%	36,3%	39,2%
Trade and accommodation	5,1%	7,3%	10,8%	7,7%
Transport and storage	4,8%	5,9%	2,6%	4,8%
Financing	2,6%	5,3%	1,2%	4,0%
Real estate and business services	15,3%	26,0%	15,2%	19,7%
Government services	4,1%	7,5%	15,0%	8,2%

The SAM model suggests that the following sectors will experience the greatest positive impact from the construction of the proposed development.

- Manufacturing
- Building and construction
- Real estate and business services

5.5. Operational Expenditure

Once the construction of the proposed development is complete further impact on the economy and community will be created through operational functions. Similarly, to the construction phase, the impact of the development is assessed by considering the change in new business sales, Gross Domestic Product and employment opportunities created. The table below shows the results of the impact modelling exercise for the operational period per annum.

Table 12: Impact During the Operational Phase (R millions)

Impact	Direct (Construction)	Indirect (Suppliers)	Induced (Salaries and Wages)	Total
Production (@2026 R-value)	R43,2 million	R25,7 million	R28,5 million	R97,4 million
GDP (@2026 R-value)	R22,7 million	R11,5 million	R11,5 million	R45,7 million
Jobs	61	30	35	126
Household Income (@2026 R-value)	R11,0 million	R4,5 million	R4,6 million	R20,2 million

The results show that approximately R97.4 million will be generated from new business sales, with R43.2 million generated as a direct impact and R25.7 million as an indirect impact per annum. The increase in production output will result in an increase in Gross Domestic Product in the country to the value of approximately R45.7 million per annum. The addition will furthermore create an estimated 126 employment opportunities during operations and approximately R20.2 million increases in household incomes per annum. The table below depicts the results of the modelling per economic sector during the operational phase of the development.

Table 13: Impacts During Operational Phase Per Sector

Sector	Total Impact on Production	Total Impact on GDP	Total Impact on Employment	Total Impact on Household Income
Agriculture	1,7%	1,6%	3,2%	1,0%
Mining	0,1%	0,1%	0,0%	0,1%
Manufacturing	13,0%	6,9%	6,8%	7,1%
Electricity	0,8%	0,8%	0,5%	0,7%
Water	0,3%	0,2%	0,0%	0,2%

Sector	Total Impact on Production	Total Impact on GDP	Total Impact on Employment	Total Impact on Household Income
Building and Construction	2,5%	1,2%	3,3%	1,6%
Trade and accommodation	51,1%	56,7%	60,8%	62,3%
Transport and storage	9,7%	8,8%	4,1%	7,4%
Financing	3,7%	5,7%	1,5%	4,4%
Real estate and business services	14,4%	14,3%	11,3%	11,0%
Government services	2,7%	3,8%	8,5%	4,2%

The SAM model suggests that the following sectors will experience the greatest positive impact from the operating of the proposed development:

- Manufacturing
- Trade and accommodation
- Transport and storage
- Real estate and business services
- Government services

5.6. Rates and Taxes

The local municipality, during the construction phase, generates revenue from property rates and service charges associated with the provision of basic municipal services, including water supply, sanitation, waste management, electricity distribution, stormwater management, street lighting, and bulk infrastructure. While during the operational phase, the proposed development would enhance this revenue base through payments for utilities and services consumed during its operational phase, as well as property rates and taxes paid by property owners and residents within the development.

The table below provides an understanding of the rates and taxes generates during the construction and operation phase with regards to building and other construction.

Table 14: Rates and Taxes

Impact	Direct (Construction)	Indirect (Suppliers)	Induced (Salaries and Wages)	Total
Construction Phase	R100 000	R700 000	R500 000	R1,3 million
Operation Phase	R100 000	R300 000	R300 000	R700 000

During the construction phase, the municipality benefits from direct impacts amounting to approximately R100 000, representing charges associated with building activities and municipal services provided to the site. Indirect impacts of approximately R700 000 arise from supplier activities related to the procurement of materials, equipment, and professional services that generate additional municipal income through rates and charges. Induced impacts, estimated at approximately R500 000 million, result from expenditure when salaries and wages earned during the construction period circulate within the local economy. Altogether, the construction phase contributes approximately R1,3 million in total municipal revenue.

In the operational phase, the proposed development continues to enhance the municipal revenue base through ongoing payments for property rates, utilities, and municipal services. The direct impact is estimated at R100 000, with a further R300 000 generated indirectly from supplier activities. An additional R300 000 in induced impacts arises from spending related to employment within the development. This brings the total estimated municipal revenue during the operational phase to approximately R600 000.

5.7. Impact of No Development

The opportunity cost of not proceeding with the development highlights the economic and social benefits lost by maintaining the status quo.

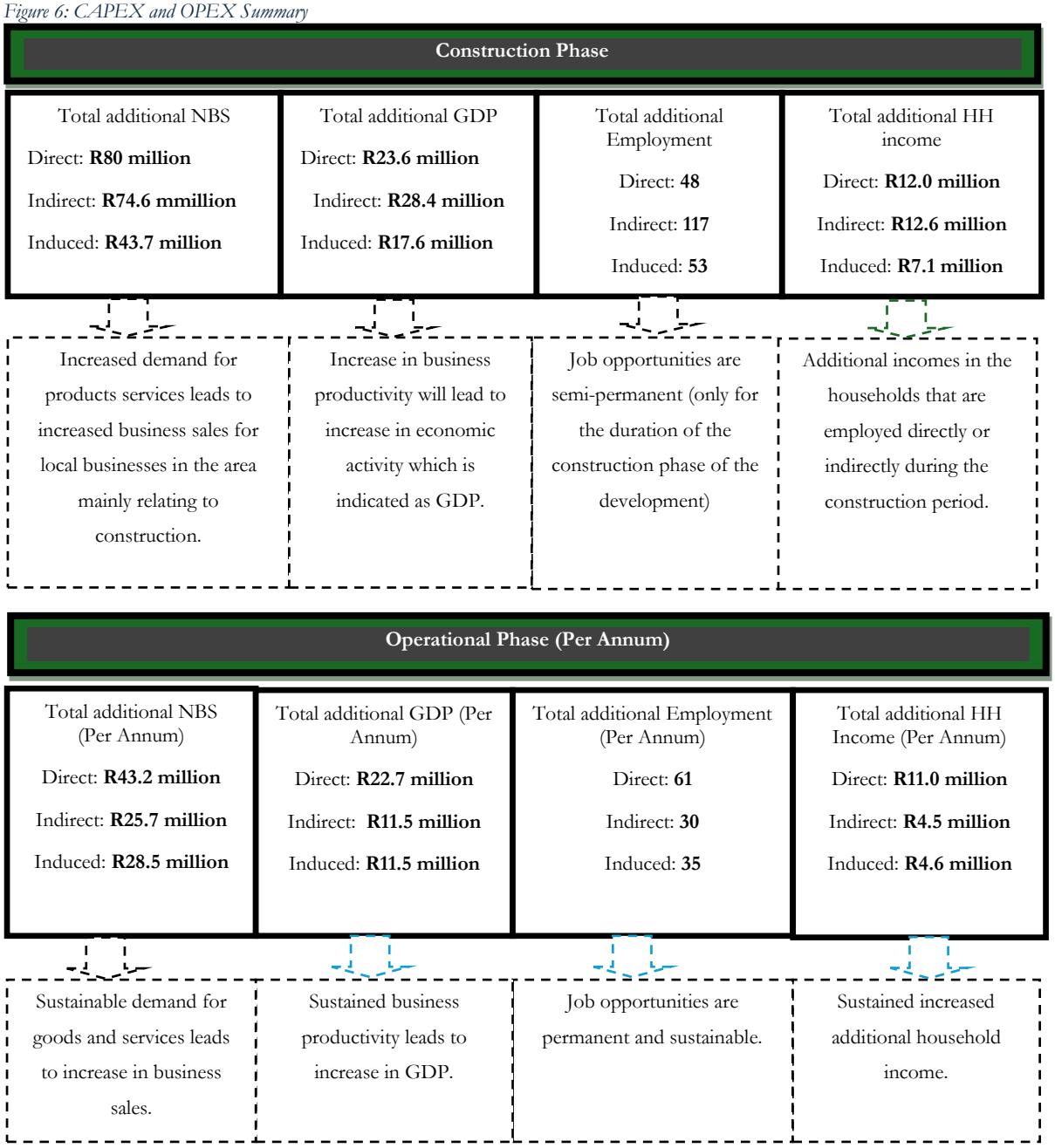
Without the investment, the economy loses the injection of capital that would have stimulated production, supply chains, and spending across multiple sectors. In the loss of this activity, local businesses miss opportunities for growth, and the rate of economic expansion remains constrained. The decision not to proceed further means that both temporary construction jobs and permanent operational employment would not be created. This loss extends beyond direct on-site work, affecting suppliers and service providers who would have benefited from the development. Affected households further lose opportunities for income generation and skills development, reducing economic participation and limiting consumer spending within the community. By not developing, the economy also loses the value added to the gross domestic product (GDP) and business output that would have occurred from activities across sectors such as manufacturing, construction, trade, and business services. At the municipal level, the opportunity cost includes the loss of revenues from property rates, service charges, and tariffs that the development would have generated.

Beyond economic effects, the loss of the project hinders broader socio-economic benefits such as infrastructure improvements, investor confidence, and enhanced community well-being. Overall, the opportunity cost of not developing reflects the loss of potential for inclusive growth, strengthening of local livelihoods, and the support of sustained long-term economic development.

5.8. Conclusion

Figure 6 provides a visual illustration of the CAPEX and OPEX for the proposed development.

Figure 6: CAPEX and OPEX Summary



Section Six: Development Impact

The proposed Checkers-anchored neighbourhood shopping centre in Sedgefield is expected to generate a range of interlinked economic, social and spatial impacts at both construction and operational stages, alongside notable competitive effects on the existing retail structure in the town.

6.1. Construction

During **construction**, the capital investment of approximately ± R80 million will stimulate short-term economic activity through demand for building materials, professional services and labour, with modelling indicating approximately R198,3 million in additional production and R69,6 million in added GDP once direct, indirect and induced impacts are taken into account. This phase is projected to support approximately 219 employment opportunities across construction, manufacturing, transport and related services, injecting an estimated R31,7 million in additional household income into the economy on a temporary basis. The construction process will also broaden the local municipal revenue base through once-off building plan fees, service connection charges and increased consumption of municipal services, together yielding approximately R1,3 million in additional municipal revenue during the build period. Although not sustainable, these effects represent an important short-term boost to business turnover, household earnings and municipal finances in Sedgefield, the wider Knysna Local Municipality, and the Western Cape.

6.2. Operation

Once **operational**, the centre's impacts shift from short-term stimulus to sustained, recurring benefits. On an annual basis, the centre will generate approximately R97.4 million in additional production, with R43.2 million arising directly from the centre itself and the remainder flowing through suppliers and induced spending. This uplift in economic activity translates into an approximately R45.7 million per year in additional GDP, reflecting the value added across sectors such as trade and accommodation, manufacturing, transport, finance, real estate and government services that are linked to the centre's operations. Employment effects during operation are also significant, with around 126 direct, indirect and induced jobs anticipated, including positions within the Checkers supermarket, associated line shops and services, as well as jobs in upstream supply chains and in businesses that benefit from increased local spending. These posts are expected to support approximately R20.2 million per annum in additional household income, representing a sustained improvement in living standards for the beneficiary households over the lifetime of the development. For the municipality, the operational phase further consolidates the rates base and service revenue, with total additional municipal income estimated at about R0,6 million per year from property rates, utilities and service charges linked to the centre and its broader economic footprint.

6.3. Competitor Dynamics

The introduction of a new Checkers-anchored centre will, however, directly affect the competitive dynamics of Sedgefield's existing retail environment, particularly the established Pick n Pay and Superspar nodes that currently dominate grocery trade along the N2 corridor. On the one hand, Checkers will act as a strong full-line supermarket competitor, contesting market share in core grocery and household goods categories and prompting established retailers to consider their pricing, improve service and enhance their product ranges to retain customers. On the other

hand, it was ascertained that the existing stores are trading under pressure during weekends and holiday seasons, with congestion and stock shortages pointing to an under-supplied market rather than a saturated one, suggesting that additional capacity is demanded. In this context, the new centre is expected to relieve pressure on the established nodes, capture incremental spend arising from population and tourism growth, and reduce expenditure leakage to areas such as George and Knysna, thereby supporting a more balanced and competitive retail system overall.

6.4. Spatial Integration

Spatially, the development is consistent with and reinforces the municipal planning vision of compact, nodal, mixed-use growth within the urban edge, while also reshaping the geography of retail competition in the town. The site comprises an approximately 11 937 m² greenfield property at the intersection of Egret Street and Service Road, located within a designated mixed-use node north of the N2, where the SDF supports higher-intensity development to accommodate anticipated residential and economic expansion. By locating a neighbourhood-scale retail facility within this node, the project positions commercial activity along the existing N2-oriented corridor, and it supports planned residential growth north of the N2 and along the north-eastern edge of the town. This infill approach aligns with the need to use limited serviced land more efficiently given Sedgefield's urban edge and extensive environmental constraints associated with lakes, wetlands, dunes and conservation areas. Additionally, the centre's position along a key access route, with good visibility and connectivity, supports the broader Garden Route tourism corridor by providing improved convenience retail to visitors moving between George, Sedgefield and Knysna. In competitive terms, the creation of an additional nodal focus in the eastern part of town will rebalance the current dominance of the western CBD, spreading retail opportunities more evenly and offering existing businesses new prospects for linkage, spill-over trade and service provision.

6.5. Social Impacts

For residents, the centre promises improved day-to-day convenience, with closer access to a full-line supermarket and associated services, which is particularly important in a town where a large share of the population comprises retirees, lower-income households and not-economically-active residents who may rely on public transport, lifts or walking for local trips. The improved range and proximity of retail and service offerings can translate into time and cost savings, better access to fresh food and household goods, and more predictable shopping conditions during peak tourist periods when existing facilities are currently under strain. The creation of both construction and operational jobs will provide income-earning opportunities for local residents, including positions suited to the area's labour profile, thereby contributing to poverty alleviation and greater household resilience. At a community scale, the project will expand the municipal tax base and generate additional resources that can be reinvested in local infrastructure, basic services and social facilities.

Section Six: Development Motivation and Conclusion

The proposed Checkers-anchored neighbourhood shopping centre in Sedgefield presents a strong motivation from a socio-economic perspective, with clear benefits for the Knysna Local Municipality, the local community and the wider regional economy. The net effective demand modelling confirms that the local market can support substantial additional retail floor space, with total retail NED estimated at approximately 4 008m² GLA in 2026, increasing to 5 536m² in 2027, 13 296m² in 2030, and 25 582m² in 2035. Importantly, given the area's growing appeal as a tourism destination, visitor expenditure is expected to further enhance retail performance beyond the modelled projections, particularly within the food and beverage, clothing, and specialty retail categories. In relation to these outcomes, the proposed 4 000 m² neighbourhood centre, anchored by an approximately 2 000 m² Checkers, represents a measured utilisation of the available market potential, well within the forecast NED levels and aligned with the area's strong, grocery-led spending profile. The development will convert a vacant greenfield site within an existing mixed-use node into a productive urban asset that generates sustained economic activity, broadens consumer choice and supports the municipality's spatial and economic objectives.

Municipal revenue and the cost of non-development

From a municipal finance perspective, the centre will expand the rates base and generate new service-related revenue streams that do not currently exist on the vacant site. During construction, the municipality is projected to receive approximately R1,3 million in additional income through building plan fees, service connection charges and increased use of municipal services, while the operational phase is expected to yield around R700 000 per annum in additional municipal revenue from property rates, utilities and service charges. If the site remains undeveloped, the municipality permanently loses these revenue flows.

Displacement risk and growth dynamics

The introduction of approximately 2 000 m² Checkers anchor will reshape local retail competition, but the evidence points to a scenario of managed growth rather than destructive displacement. Existing grocery retailers in Sedgefield (notably Pick n Pay and Superspar) are reported to operate under pressure during peak periods, with congestion and stock depletion indicating that the town is currently under-served relative to demand. Residential growth, ongoing semigration and planned new housing north of the N2 are expanding the catchment, while limited formal commercial vacancies highlight constrained supply in the local retail property market. In this context, the new centre is expected to redistribute and capture incremental spend, balancing activity between the existing N2 nodes and the new eastern node, rather than simply diverting a fixed pool of expenditure away from the CBD. Over time, the additional convenience, capacity and price competition are expected to support higher overall turnover and improved retention of local spend that might otherwise leak to Knysna or George.

Consumer behaviour and welfare

The development is aligned with observed and projected consumer behaviour, where household expenditure is dominated by nondurable goods, particularly groceries and everyday necessities. Population growth, balanced age structure and a strong portion of retirees, working-age adults and youth together highlight demand for accessible supermarket and convenience retail, supplemented by health, personal services etc. Currently, as per local estate agents, residents report adapting their shopping patterns to avoid weekend peaks at the existing centres, reflecting a level of

congestion and service strain that impacts consumer welfare and influences the town's "slow town" quality of life. By providing a full-line supermarket and associated services closer to emerging residential areas and to lower-income communities such as Smutsville and Sizamile, the proposed centre will shorten travel distances, reduce time and transport costs, improve access to fresh food, and offer a wider range of price points and brands to a diverse, income-mixed consumer base.

Broader economic and community benefits

Beyond the direct retail and monetary effects, the proposed development will deliver meaningful wider benefits at local and regional level. The approximately R80 million capital investment is expected to generate R198,3 million in additional production, R69,6 million in added GDP and 219 employment opportunities during construction, injecting an estimated R31,7 million into households through wages and related income. Once operational, the centre is projected to support R97.4 million in new business sales per annum, R45.7 million in additional GDP, around 126 direct, indirect and induced jobs and R20.2 million in sustained annual household income, with strong linkages into manufacturing, trade and accommodation, transport, real estate and government services. These outcomes directly support municipal and regional objectives to strengthen the tertiary-sector economy, diversify local employment opportunities and improve household resilience in a context where a large share of residents rely on fixed or grant-based incomes. At community scale, improved access to retail and services, reduced leakage of spend, enhanced municipal resources and a better-balanced urban structure will collectively contribute to higher living standards, strengthened spatial equity and a more robust, inclusive local economy.

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