



Rode & Associates
PROPERTY CONSULTANTS

Corporate profile

Rode & Associates (Pty) Ltd

September 2011

PO Box 1566 Bellville 7535
South Africa

GPS: 33°53'58,5"S;
18°38'14,5"E

Tel 021 946 2480

Fax 021 946 1238

E-mail: info@rode.co.za

Posbus 1566 Bellville 7535
Suid-Afrika

GPS: 33°53'58,5"S;
18°38'14,5"E

Tel 021 946 2480

Faks 021 946 1238

E-pos: info@rode.co.za

www.rode.co.za

Rode & Associates (Pty) Ltd. / Rode & Genote (Edms.) Bpk.
Reg.no. 2009/005600/07 VAT no. / BTW no. 4480101791

Rode & Associates ("Rode") has since 1987 been an authoritative name in the South African property market. It is Cape Town-based and operates nationally and in the SADC¹ region

The company's professional staff comprise a multidisciplinary team of valuers (appraisers²), planners, property economists, geographers, and public-management and development specialists.

STRUCTURE

The Rode Group of companies consists of a head office in Cape Town, with regional offices in George, Wellington and Pretoria, and the Group operates nationally. Management comprises:

Head Office

Mr Erwin Rode	Managing Director and CEO
Mr John Lottering	Manager: Property economics and publications
Dr Martin Carstens	Manager: Government sector and advisory services
Mr Garth Johnson	Manager: Valuations
Mr Berchtwald Rode	Manager: Town Planning

Regional Offices

Mr Neels Muller	Director: Knysna, Southern Cape, Little and Central Karoo
Mr Erik Marais	Director: Wellington and Central Regions
Ms Lynette Smit	Head of marketing: Pretoria, Gauteng

SERVICES

Teams from various divisions in the company work together to render client-specific services.

1. Division: Property economists & Publications

Division Head: John Lottering. B Com (Hons) M Com

Rode's property economics department produces **four** research journals. In order to do this, it surveys the South African and Namibian (Windhoek only) property markets every quarter, using the expert-panel method of polling. The department then interprets the data and publishes its findings. One of these publications – **Rode's SA Property Trends** – contains a 6-year forecast of the market, using Rode's unique econometric forecasting models, the results of which are updated every six months.

The best-known publication is **Rode's Report on the SA Property Market**. It is published quarterly and describes the state of the property market. It is an authoritative reference source for valuers, estate agents, property portfolio and fund managers.

There are hundreds of subscribers to the journals.

Database of property time series. The quarterly surveys date back to end 1987, and Rode now updates about 5 500 unique **property time series** every quarter. Subscribers to the database are professional researchers.



¹ Southern African Development Community

² In the American sense of the word

2. Division: Property Research, Asset management & Government Advisory Services

Division Head: Dr Martin Carstens

B Iuris (Pret) B Admin (Hons) (Mun Admin) M Admin (UNISA) D Admin (Pret)

This division renders policy and management services to the public sector, and similar services to the private sector. The major focus areas are:

■ Surveys and market research

The assessment of market potential for commercial ventures, such as retail centres and offices. Studies often utilise econometric forecast trends. Examples of assignments include:

- A *macro overview* of the South African housing market for the national Department of Housing;
- *Demand* forecasts for specific office nodes and flats markets;
- *Forecasts of rental levels* using econometric modelling;
- *Property-portfolio analysis*;
- *Long-term* forecasts of property values in South Africa;
- An *analysis* of the property market in municipalities.
- Research to determine support bases and markets for particular developments, such as new or existing businesses, office complexes, retail centres, light industrial nodes, etc. Property market indicators are identified and monitored, e.g. supply and demand analysis (type & size), rentals (R/m²), selling prices, escalation rates (%), vacancies (%), take-up rates (%).



■ Government immovable asset & development management: management and administration; local, regional and national development

- Advisory services to implement the *Government Immovable Asset Management Act, Act 19 of 2007 (GIAMA)*;
- Surveys to determine highest and best use for unused and underutilised government immovable assets.
- Research and advisory services for the optimal utilisation of government's immovable asset portfolio – updating of asset registers and assessing custodian and user asset management plans
- Benchmarking: research to optimise the utilisation of immovable assets.
- Strategic management of public-sector property portfolios, with particular reference to disused and underutilised immovable assets.

Some specialist services are sourced from Rode's strategic co-operative partners:

- Hermans & Roman (Pty) Ltd;
- Built Care (Pty) Ltd;
- IPD;
- African Consulting Surveyors.



Major clients of the division include:

- Western Cape Provincial Government
- National Department of Public Works

3. Division: Town Planning (RodePlan)

Division Head: Berchtwald Rode: BA (Stell), MTRP (UFS)

The **RodePlan** division specialises in town and regional planning:

- Land use (rezoning, subdivision, departure, consent use, removal of title restrictions, zoning schemes) Spatial planning (spatial development frameworks (SDFs) and spatial development framework plans (SDFPs))
- Governmental integrated development planning (3rd generation IDPs) (process and products),
- Specialist studies, viz. land-use and socio-economic assessments in terms of the National Environmental Management Act, 107 of 1998 (NEMA).



All of the above is supported by a geographic information system (GIS).

The approach of the planning function is to promote sustainable development. The division covers the full spectrum of town planning services and development planning processes and products at macro, meso and micro level. An in-depth understanding of the social, economic, political, and biodiversity environments makes the company the preferred choice for development agencies and municipalities for SDFs in order for spatial planning to complement economic growth and development.

Advisory services include the development potential of specific properties and/or land disposal strategies. This is done in collaboration with our expertise as property economists.

RodePlan's target clients include property owners, developers, engineering companies, municipalities, provinces and other government institutions. Major clients include: Bergrivier Municipality, Cape Winelands District Municipality, G7 Renewable Energies Pty Ltd, Solairedirect, Umoya Energy, South Africa Mainstream Renewable Power Developments (Pty) Ltd, Aurecon and Urban LandMark.

Some specialist services are sourced from Rode's strategic co-operative partners:

- Aurecon;
- Prof. WH Thomas;
- Ignite Advisory Services (Pty) Ltd;
- Jan Palm Consulting Engineers.

The RodePlan division is assisted by Stephan van der Walt: MA (GIS) (Stell).

4. Division: Rode Valuations

Division Head: **G Johnson B Com (Stell), Hons (Econ) (UNISA), NDRees (Property Valuation)**

For practitioners in the property industry, the 23-year old firm 'Rode' is synonymous with *Rode's Report*, property statistics, consultancy and property economics. However, under the radar this firm has over the past two decades grown to become one of the 'big five' valuation companies in the country.



The competitive advantage of the firm as valuers is that it combines rigorous research and an extensive database to create new techniques in the field of value estimation – to the benefit of the wider industry.

Clients – past and present – include listed funds, life offices, pension funds, local and national government departments, parastatals, law firms and all the major banks.

The **Rode Valuation** team has valued various landmark properties around South Africa, including trophy farms.

Owing to its reputation, the result of tackling problems with academic rigour whilst remaining practical, the Rode team is often approached when it comes to controversial valuations.

They are especially well-known for their prowess at valuing shopping centres. For every shopping centre they value, Rode compiles a mathematical equation using the statistical technique of regression, which allows them to estimate the market rental of a shop based on its rentable area. This tool largely eliminates the need for fallible human judgment, and is also often used by their clients in motivating asking rentals for new tenants or for lease renewals.

Another area in which it has led the way is in the estimation of capitalization rates. The textbook method for determining capitalization rates is the analysis of *actual* sales transactions. Given the time and effort involved in researching property transactions, valuers often neglect this part of their valuation. Rode has now addressed this problem by investing heavily in **Rode's Sales**, which is a new online service that analyses actual sales to arrive at implied capitalization rates.

But how does one determine the capitalization rate in locations where properties seldom transact? The firm has empirically demonstrated that market-rental rates are amazingly successful in explaining the level of capitalization rates. On reflection, though, this should not be all that surprising, considering that all the good and bad news pertaining to a property are encapsulated in the ruling market-rental rate. Given this relationship, it has developed a statistical equation, updated every quarter in its flagship *Rode's Report*, which allows one to estimate a property's capitalization rate by means of its market rental rate.

Rode has done pioneering work in the field of property valuation. Some of its firsts in South Africa include:

- The development of regression models to estimate the capitalisation rates of office properties, industrial properties and shopping centres.
- The application of multiple regression techniques to value houses in SA (as early as 1988).
- In 1996, Rode's founder, Erwin Rode, developed Rode's Valuation Method – also known as the OCF (opportunity cash flow) Method. This method has been conceptualised to value income-producing properties.

General Valuation (GV) rolls (municipalities)

The Rode Group of companies is responsible for about 50% of the valuation rolls of the Western Cape.

Farm valuations

To meet the needs of the agricultural property market, Rode & Associates has an agricultural valuation department. This department has at its disposal the services of a full-time valuer who specialises in the valuation of farms and smallholdings, and who understands the value-drivers within the agricultural sector.

Bare dominium

Rode is widely regarded by lending institutions as the authority in South Africa on the valuation of bare *dominiums* ("leased fee estate" in the USA). A bare dominium property is usually a property with a long lease, where the cash flow of the lease has been "stripped out" in some way. An example is where the present value of the cash flow of a long lease has been sold to a third party.

Valuation team

- G Johnson *B Com (Stell), Hons (Econ) (UNISA), NDRees (Property Valuation)*
Head of Valuations
Registered as a Professional Associated Valuer with the SA Council for the Property Valuers Profession
Member of the SA Institute of Valuers
- E G Rode *BA (Stell) MBA (Stell)*
Advises the team on methodology
Registered as a Professional Valuer with the SA Council for the Property Valuers Profession
Fellow of the SA Institute of Valuers
Eminent fellow of the Royal Institution of Chartered Surveyors
- C M Muller *BA (Geo-Phys ED) (Stell) NDPV.*
Registered as a Professional Valuer with the SA Council for the Property Valuers Profession
Member of the SA Institute of Valuers
Specialises in GV rolls, restitution, expropriation, farms and servitudes
Head: Regional office Knysna
- E Marais *NDPV*
Registered as a Professional Valuer with the SA Council for the Property Valuers Profession
Member of the SA Institute of Valuers.
Head: Regional office Wellington
Specialises in GV rolls.
- K E Scott *B Com Hons (Stell), B Com Hons (UCT)*
Registered as a Professional Valuer with the SA Council for the Property Valuers Profession
Member of the SA Institute of Valuers.
Specialises in the valuation of portfolios
- M Vernooy *B Tech (QS) (Cape Tech), NDRees*
Registered as a Professional Valuer with the SA Council for the Property Valuers Profession
Member of the SA Institute of Valuers
- T Retief *BA (Stell)*
Registered as a Professional Valuer with the SA Council for the Property Valuers Profession
Member of the SA Institute of Valuers
Specialises in farm valuations and the valuation of land with township potential
- M Jappie *BSc Hons (Property Studies) (UCT)*
Registered as a Professional Associated Valuer with the SA Council for the Property Valuers Profession