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Rode & Associates (Pty) Ltd.; reg. no. 2009/005600/07; VAT nr. 4480101791. MD: ERWIN RODE.

Corporate profile

RODE & ASSOCIATES (PTY) LTD

<http://www.rode.co.za>

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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, and the Group operates nationally. Management comprises:

Head Office

Mr Erwin Rode	-	Managing Director and CEO
Mr Kobus Lamprecht	-	Manager: Property economics and publications
Mrs Marlene Tighy	-	Manager: Consultancy Services & Valuations
Mr Berchtwald Rode	-	Manager: Town Planning

Regional Offices

Mr Neels Muller	-	Director: Knysna, Southern Cape, Little and Central Karoo
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SERVICES

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

1. Division: Property economics & publications

(Division head: Kobus Lamprecht BCom (NWU), BComHons (NWU) MCom (NWU))

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: Town Planning (RodePlan)

(Division head: **Berchtwald Rode BA (Stell), MTRP (UFS)**)



RodePlan specialises in spatial planning, land use management and assessment of land markets. This includes:

- **Land development:** rezoning, subdivision, departure, consent use, removal of title restrictions, land use management schemes
- **Spatial planning:** spatial development frameworks, urban development research
- **Human settlement development:** human settlement plan, housing sector plan
- **Property market assessment:** indicator development and monitoring, identification, acquisition and release of land, state of the market report
- **Municipal integrated development plans**
- **Land audits,** and
- **Socio-economic and demographic analysis and profiling.**

RodePlan considers an in-depth understanding of the **social, economic, political and environmental elements** that underpin present-day society as fundamental to land development in order to complement economic growth and urban restructuring (or spatial transformation).

Rode also advises private clients and government on the development potential of specific properties and/or land disposal strategies. This is done in collaboration with our expertise as property economists.

RodePlan's clients include:

1. **Government:** Western Cape Government (Department of Human Settlements), Gauteng Provincial Government, West Coast District Municipality, Cape Winelands District Municipality, Bergvriervier Municipality, Saldanha Bay Municipality, Stellenbosch Municipality,
2. **Engineering companies:** Nadeson Consulting Services, Aurecon, Royal HaskoningDHV, Mott MacDonald SA (Pty) Ltd, UWP Consulting, JPCE (Pty) Ltd.
3. **Renewable Energy Independent Power Producers:** Umoya Energy (Proprietary) Limited, G7 Renewable Energies (Pty) Ltd, Plan 8 (Pty) Ltd, South Africa Mainstream Renewable Power Developments (Pty) Ltd, Solairedirect (SA), Windlab Systems (Pty) Ltd, Ventusa Energy, African Clean Energy Developments (Pty) Ltd, Building Energy South Africa (Pty) Ltd and ENERTRAG South Africa (Pty) Ltd.
4. **Other:** Engen Petroleum Limited, Urban LandMark, Ignite Advisory Services (Pty) Ltd, MultiPurpose Business Solutions.

Recent appointments include:

- Town Planner for the Hermanus project led by the provincial Department of Human Settlements
- To draft an Urban Development Strategy and Integrated Human Settlement Plan for the Stellenbosch Municipality
- To serve as member of the Breede Valley Municipal Planning Tribunal
- To obtain land-use rights for the West Coast Integrated Waste Management Facility
- To obtain land-use rights for renewable energy facilities in the Western, Eastern and Northern Cape
- To obtain land use rights for all provincially operated borrow pits in the Western Cape as part of the provincial regravelling programme
- To complete a land audit and land assessment of municipal-owned vacant land in the Saldanha Bay municipal area.

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

3. Division: Consultancy services (public and private sectors)

(Division head: Mrs Marlene Tighy BSc (Wits) Hons (OR) (RAU), MBL (SA), Pr Sci Nat)



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 analysis to 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.

Major clients of the division include: Western Cape Provincial Government ° National Department of Public Works ° Auditor-General of South Africa ° ACSA.

4. Division: Rode Valuations

(Also headed by Mrs M Tighy BSc (Wits) Hons (OR) (RAU), MBL (SA), Pr Sci Nat)

For practitioners in the property industry, the 30-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.

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.

The valuations division of Rode & Associates has been recognised for its top quality performance by receiving top awards from the authoritative publication Professional Management Review (PMR.africa) for the past five years. The company has recently received the following awards:

- Diamond Arrow Award: Retail Valuations, Commercial & Industrial Valuations, Residential Valuations
(Rode was rated the highest in each of the above four categories)
- Golden Arrow Award: Municipal Valuations, Specialised Valuations Agricultural Valuations

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.

Transformation plan

Rode is very supportive of transformation in the Property industry. Some of the things we are doing:

- We took on three black interns (two female, one male) in Property Valuation from the Cape Peninsula University of Technology at the end of 2017 in order for the students to complete the practical side of their degree.
- We had strong relations with a qualified black female valuer in Gauteng who we appointed as an Independent Contractor since January 2017. Unfortunately for us, she has now accepted a full-time position with Investec in Johannesburg and can no longer act in her capacity as an

Independent Contractor. We are looking to strengthen relations with other suitable candidates in Gauteng.

- We have on staff a colleague who teaches property valuation at the Cape Peninsula University of Technology. This is primarily to a non-white demographic.
- For most tenders we submit, we state that we will employ black candidate valuers to assist in completing the work. We unfortunately are not able to employ a large contingent of valuers on spec at this stage.

I trust the above will satisfy you in our desire to promote transformation in the property sector.

Our future plans are to build relationships with more suitable black valuers to further promote equality in the Valuation Profession.

Valuation team

- M Tighy *BSc (Wits), BSc Hons (RAU), MBL (SA), Pr Sci Nat*
Head of Valuations
Registered as a Professional Valuer with the SA Council for the Property Valuers Profession
Member of the SA Institute of Valuers.
Member of the Royal Institution of Chartered Surveyors.
- 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
- K E Scott *B Com Hons (Bus Econ) (Stell), B Com Hons (FAPM) (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
- 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
- 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
Head: RodeLand - 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

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