



Rode & Associates

PROPERTY CONSULTANTS, VALUERS
& TOWN PLANNERS

www.rode.co.za

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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), a planner, property economists and a GIS specialist.

STRUCTURE

The Rode Group of companies consists of a head office in Cape Town, with regional franchisees in Knysna and Wellington. The Group operates nationally. Management comprises:

Head Office

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

Franchisee Regional Offices

Mr Neels Muller	-	Director: Rode Knysna (Pty) Ltd
Mr Tobi Retief	-	Director: Rode Land (Pty) Ltd

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, BCom (Hons), MCom (NWU))

Rode's property economics department produces **three** research journals, which have hundreds of subscribers. 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, together with other secondary 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. *Trends* is aimed at general management — where **strategic** decisions are taken — and property investment analysts who are involved in asset allocation and viability studies. Valuers who use forecasting in their valuation method would also find it indispensable.

Rode's Retail Report on South Africa reports on the state of the retail property market by, inter alia, analysing trading-density statistics and new supply in the pipeline. Retail property information includes street-front shop rentals per m² by size for about 120 street-front micro-locations in six metropolitan areas.

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, banks, property portfolio and fund managers.

¹ Southern African Development Community

² In the American sense of the word

Rode also maintains a **database of property time series**. The quarterly surveys date back to the end of 1987 and Rode now updates about 6 000 unique property time series every quarter. Subscribers to the database are usually professional researchers.

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 work is often supported by geographic information systems (GIS). A discussion of our expertise follows below.

1. **Land development:** rezoning, subdivision, departure, consent use, removal of title restrictions, land use management schemes (all SPLUMA related) and applications in terms of the Subdivision of Agricultural Land Act, 1970
2. **Strategic planning:** spatial development frameworks (SDFs), urban development research
3. **Human settlement development:** human settlement plans, housing sector plans
4. **Property market research:** determine highest and best use of land; indicator development and monitoring; identification, acquisition and release of land; state of the property market report
5. **Municipal integrated development plans (IDPs)**
6. **Land audits.**

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. We develop and apply scenarios and strategies to inform land development and land-use management.

RodePlan also advises private clients on the development potential of specific properties and/or land disposal strategies. This is done applying our expertise as property economists. *RodePlan's* clients include **property owners, developers, engineering companies and government:**

Government: Western Cape Provincial Government, Gauteng Provincial Government, Cape Winelands District Municipality, Bergrivier Municipality, Saldanha Bay Municipality, Stellenbosch Municipality

Engineering companies and Independent Power Producers (IPPs): 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, Enertrag South Africa (Pty) Ltd, Nadeson Consulting Services, Aurecon, Mott MacDonald, JG Afrika, EAS Infrastructure Engineers, JPCE Specialist Consulting Engineers

Property owners and developers: Engen Petroleum Limited, Bundi Adventures, Balwin Properties

Other: Ignite Advisory Services (Pty) Ltd, Pricewaterhouse Coopers (PwC), Urban LandMark.

Recent appointments include:

- Co-author of the national IDP Guide, 2020
- Town Planner for the Greater Hermanus Human Settlement Project
- Town Planner for the design of Public Transport Facilities, Area 3, City of Cape Town
- To determine the highest and best use for two municipal-owned properties in Klapmuts, Stellenbosch Municipality
- To obtain land development rights for the West Coast Integrated Waste Management Facility
- To obtain land use rights for renewable energy facilities in the Western 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
- To draft the Stellenbosch Municipality Urban Development Strategy and Integrated Human Settlement Plan
- To participate as spatial planner to complete a peer review of the route alignment for the Wynberg segment of the IRT Phase 2A (Cape Town).

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

3. Division: Rode Valuations

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

For practitioners in the property industry, the 34-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 Valuations 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 remarkably 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 – especially those of which the escalated contractual rent is above or below market-rental levels.

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 seven years. In May 2021 the company received the following awards:

- Diamond Arrow Award (outstanding – 1st overall): agricultural valuations, commercial & industrial valuations, residential valuations, retail valuations, municipal valuations;
- Golden Arrow Award: hospitality

General Valuation (GV) rolls (municipalities)

The Rode Group of companies have in the past been responsible for compiling about 50% of the valuation rolls of the Western Cape and currently maintain one municipal valuation roll in the province.

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.

Transformation plan

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

- In 2017, 2018 and 2019, we took on in our Property Valuation department four 'black' interns (three female, one male) from the Cape Peninsula University of Technology (CPUT). This allowed them to complete the practical side of their degree.
- Since January 2017, we have had strong relations with a qualified 'black' female valuer in Gauteng whom we appointed as an Independent Contractor. Unfortunately, she has now accepted a fulltime position with Investec in Johannesburg and can no longer act as an Independent Contractor. We are looking to strengthen relations with other suitable candidates in Gauteng.
- We have a colleague who teaches property valuation at the Cape Peninsula University of Technology. The students are primarily 'black'.
- For most tenders we submit, we state that we will employ black candidate valuers to assist in completing the work.

The above indicates our desire to promote transformation in the property sector.

Our plans are to build relationships with more suitable black valuers to further promote equality in the valuation profession.

Some of Rode's **large valuation clients** (past and present) are

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|--|-------------------------------|
| • Auditor-General South Africa (AGSA) | • Old Mutual |
| • Capital Harvest | • Parmalat |
| • City of Cape Town | • Pathcare |
| • Growthpoint | • Sampada Private Equity |
| • Liberty Life | • Southpoint |
| • Melomed | • Steyn City |
| • Namibia Development Corporation (NDC) | • Telesure |
| • National Treasury | • Truworths |
| • Novus | • UNIGRO Agricultural Finance |
| • Office of the State Attorney for Special Investigations Unit (SIU) | • Value Check |
| | • Xtraspace |

We also do work for three private-sector auditing firms (that wish to remain anonymous) and for whom we review other valuers' valuations.

Our **valuation team** is as follows:

- 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
- 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, MSc (Property Studies) (UCT)*
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
- B Britz *BA (Stell), MLPM (Master of Land and Property Management) (UOFS)*
Registered as a Professional Associated Valuer with the SA Council for the Property Valuers Profession.
Member of the SA Institute of Valuers.
- S van der Walt *MA (Stell)*
Registered as a Candidate Valuer with the SA Council for the Property Valuers Profession.

4. Division: Consultancy Services

(Division head: Mr Stephan van der Walt MA (GIS) (Stell), BBibl (Stell))

This division renders property-related research services to the public and private sectors.

As consultants, *Rode & Associates* are often called upon to do difficult tasks. So, for instance in 1990 *Rode* analysed and forecast the property market in Maseru for the Lesotho National Development Corporation (LNDC). This project involved, *inter alia*, forecasting demand trends in Maseru.



Studies often utilise econometric analysis to forecast trends.

Examples of other assignments include:

- Compiling a **macro overview** of the South African housing market for the national Department of Housing;
- **Demand forecasts** for specific office nodes, industrial townships, 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 towns and municipalities**;
- Acting as an **expert witness** in arbitration and litigation;
- Assessment of **market potential for commercial property ventures** such as new or existing office complexes, retail centres, light industrial nodes, etc. To do this, property market indicators

are identified and analysed, e.g. supply and demand analysis (type & size), rentals (R/m²), selling prices, escalation rates (%), vacancies (%), take-up rates (%).

- **Advisory services** to implement the *Government Immovable Asset Management Act, Act 19 of 2007 (GIAMA)*;
- Research to determine the **highest and best use** for unused and underutilised government immovable assets.

Major recent clients of the division include: the City of Cape Town, the Western Cape Government, the Auditor-General of South Africa (AGSA), engineering firms and property developers.

14/09/2021

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