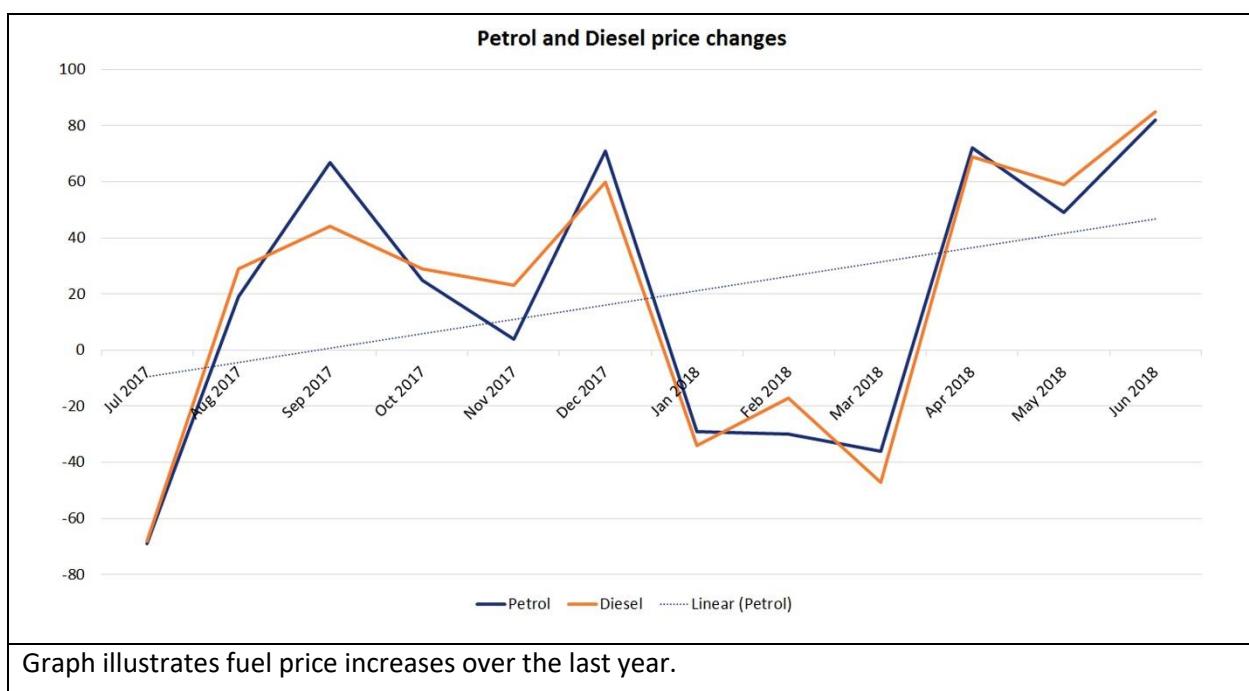


## FUEL INCREASES AND CONSUMER BEHAVIOUR

Lightstone Investigates the Impact on Distances Driven and Consumer Trends

Consumers have been hit hard by two very sharp fuel increases in the last two months and according to economists, South Africans should prepare to dish out an exorbitant R17. 90 by the end of 2018 and up to R20 at the end of 2019. Although the Minister of Energy, Jeff Radebe is looking into action plans to reduce fuel costs, for the time being, many South Africans are looking at curbing costs in their daily living as well as their driving habits. [Lightstone](#), the trusted provider of comprehensive data and analytics for the property market, together with [Tracker](#) investigates the impact of fuel increases and the general economy on consumers.

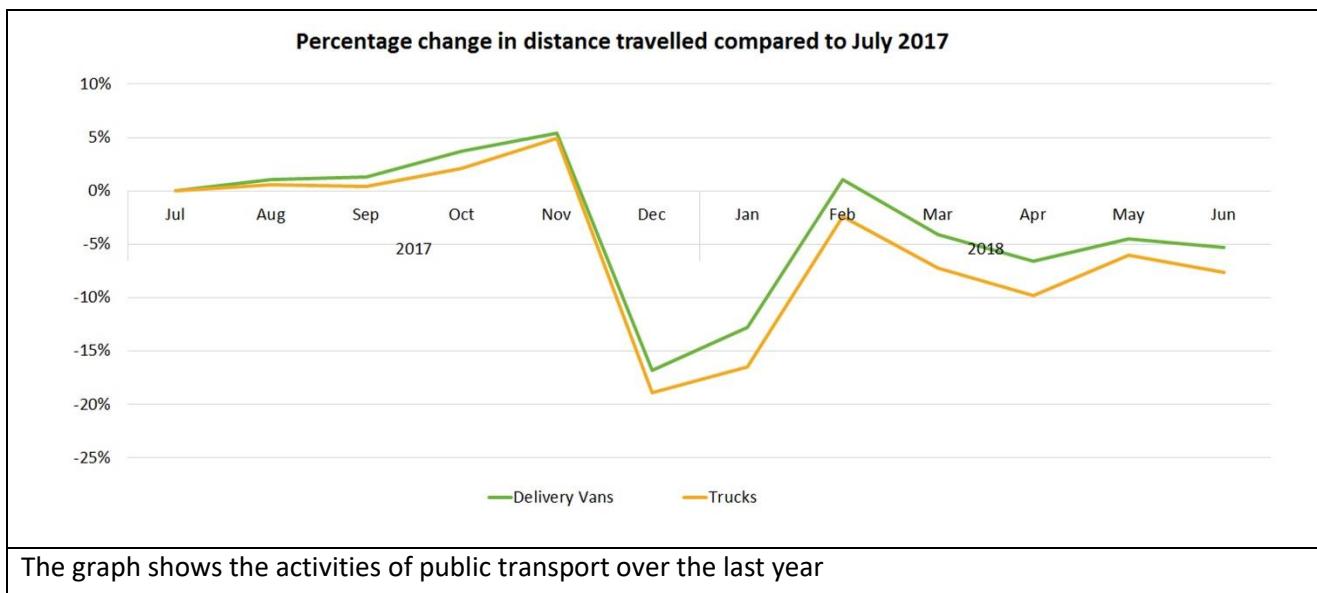


“Lightstone and Tracker have developed an economic monitoring report based on a sample of 250 000 vehicles active over the last 12 months running from July 2017 to June 2018,” says Michael Du Preez, Product and Marketing Executive at Tracker. These vehicles are representative of the entire country and have cumulatively travelled over seven billion kilometres, in over 500 million trips in the last 12 months.

Lightstone analysis shows that the distances covered by motorists is down 8% in June 2018 compared to July 2017, with June 2018 having the lowest distance travelled per day for the entire period\*. According to Trevor Holmes, Managing Director at Lightstone Explore, this indicates that travellers are either making alternative travel arrangements (carpooling or public transport) or they are opting to work from home. During the 2017 December holiday period weekend travel increased, but from January the average weekend travel declined even more than the average weekday travel.

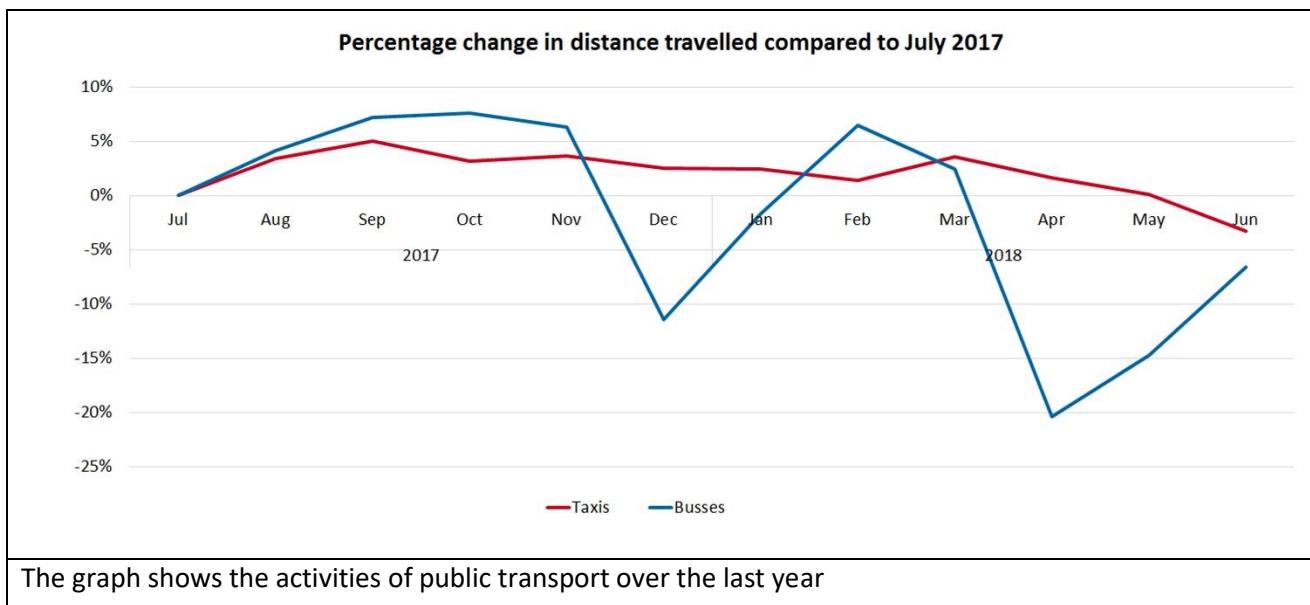
## Fleet and Trucks

"An indicator of an increase in economic activity would trigger higher mileage travelled by delivery vehicles, work vehicles and large trucks," explains Holmes. "During the last six months of 2017 there was a steady increase in activity for delivery and work vehicles with November 2017 seeing 5% higher mileages than June 2017 during weekdays." An expected drop can be seen in the December and January holiday period, and though there is a recovery in February 2018, the mileages never recovered to 2017 levels, reflecting the strain on this sector. There was a slight break from the decline in May, but this was not sustained with June dropping back to April levels of low activity.

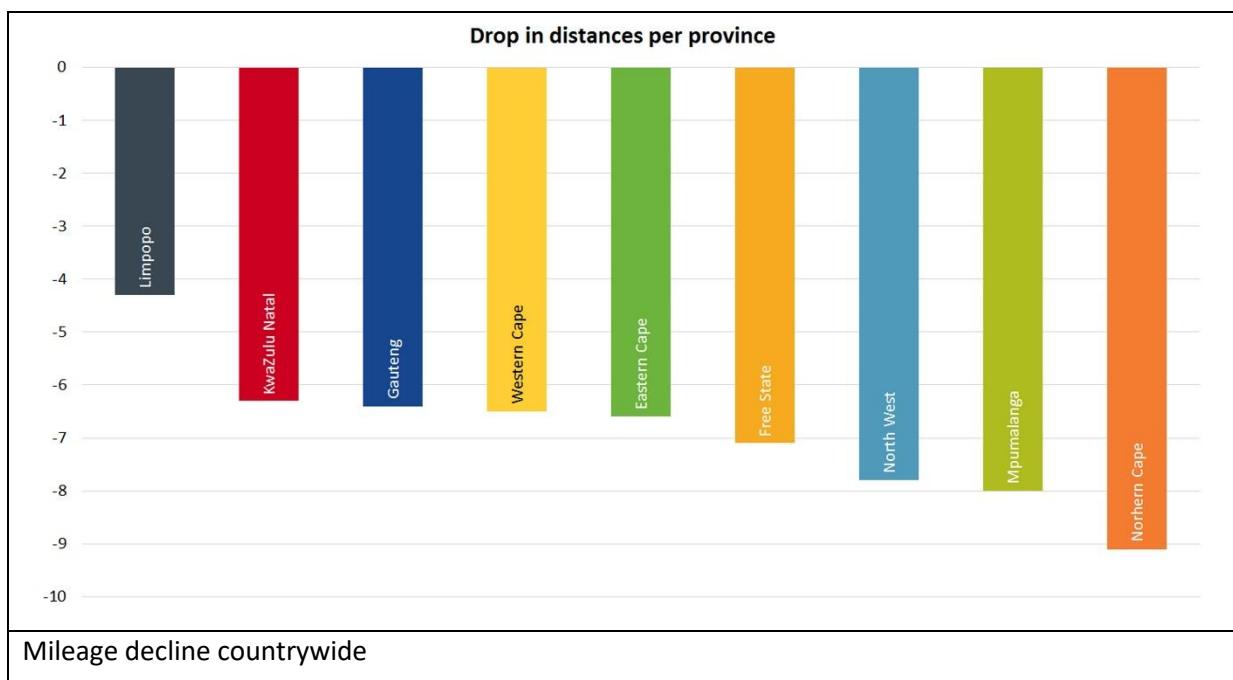


## Public Transport

With its volatile environment during the start of 2018 the bus industry's downward trend is to be expected. The damaging effects of the strikes earlier can now clearly be seen in the data and this would have attributed to mini bus taxi industry maintaining a slightly higher level of activity.



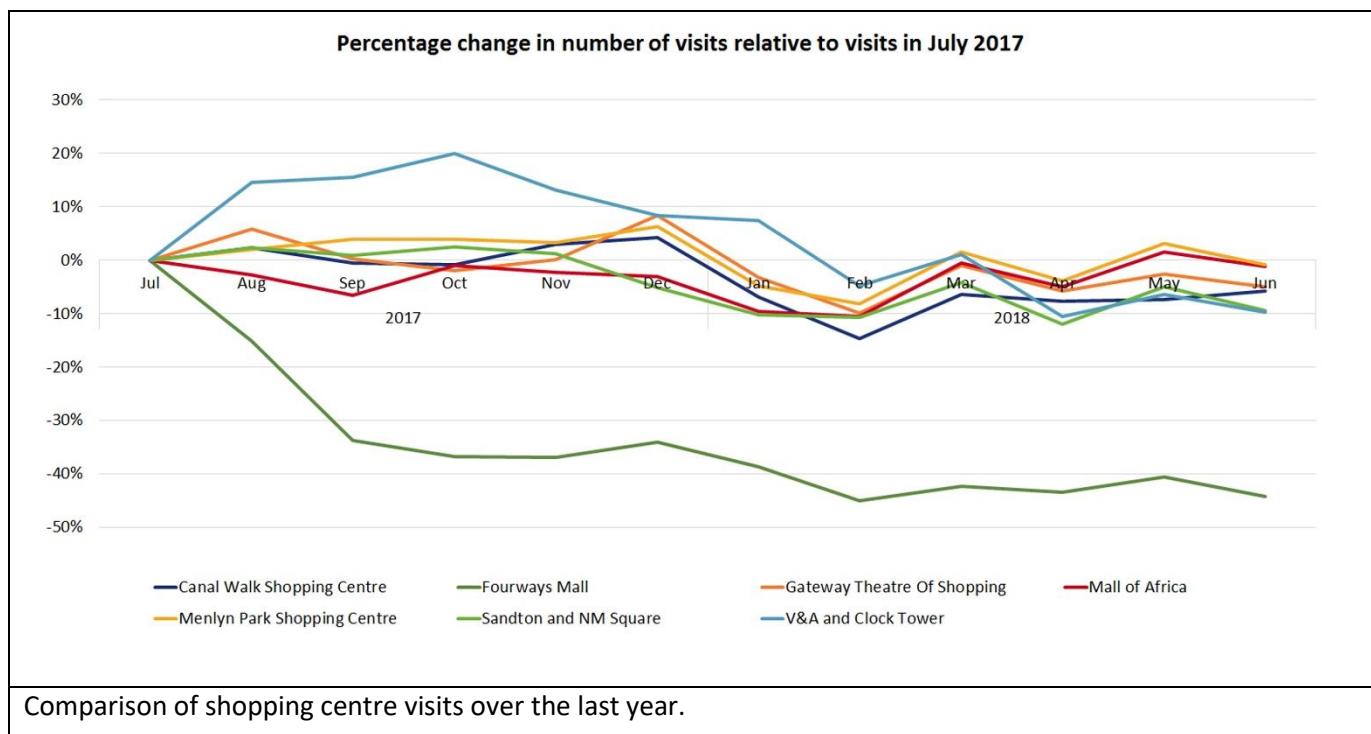
Countrywide the reduced activity in distances covered is not equally severe in the different regions with Limpopo dropping least, and Mpumalanga and Northern Cape dropping most. However, the base in Gauteng is much bigger than other provinces so this 6% drop accounts for 40% of the total mileage decline countrywide.



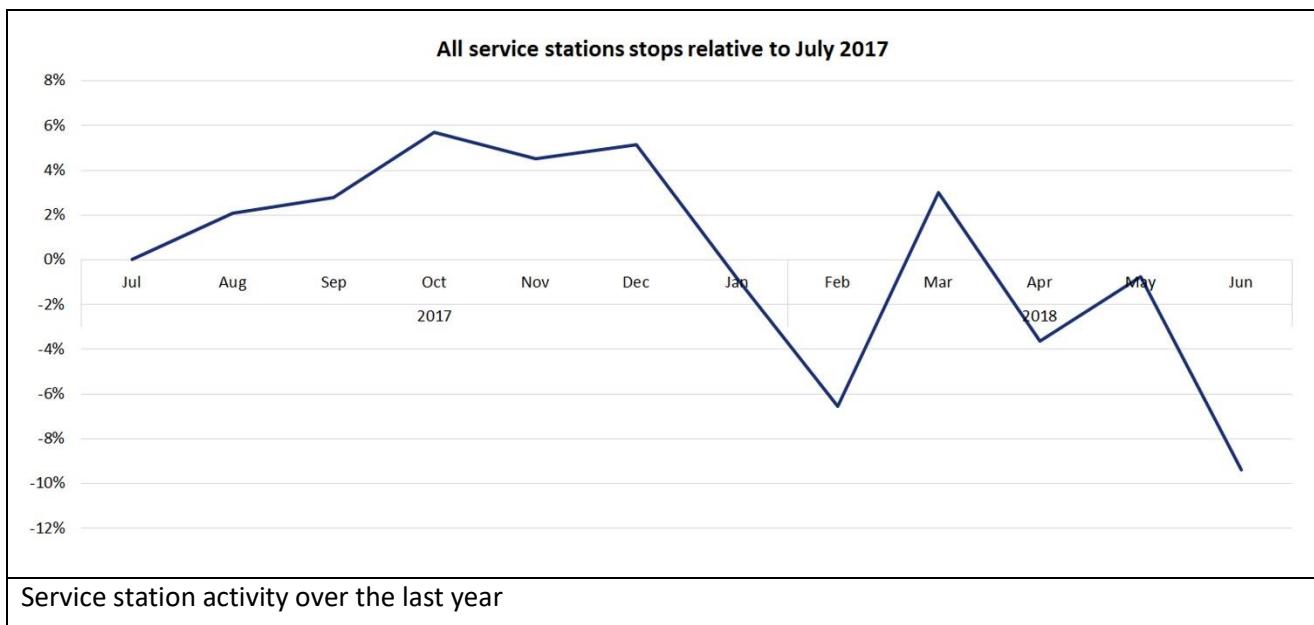
### Retail Activity

When comparing different activities of 1000 shopping centres and more than 3 200 service stations across South Africa, a sharp decline is seen from 2017 to 2018. In the data analysed, Lightstone discovered that visits to shopping centres in the first half of 2018 was 5% lower than the last half of 2017, and this decline holds true even when the effect of December Christmas shopping and January Retail slowdown is excluded

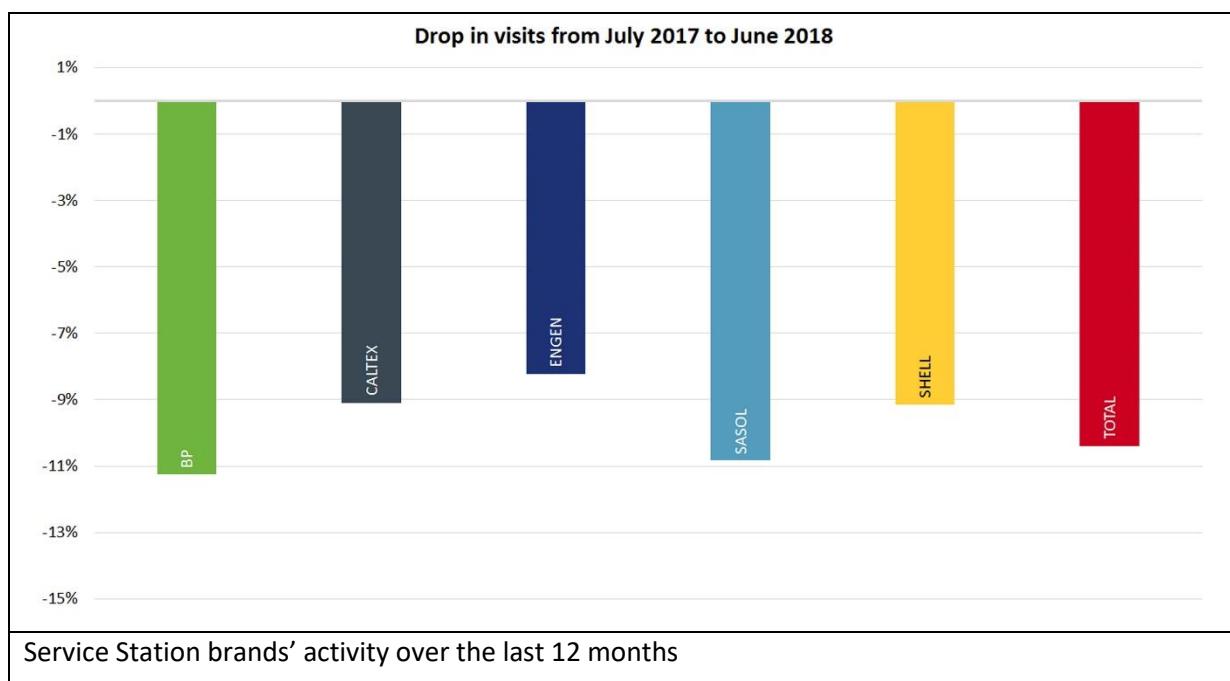
from the comparison. The decline has not been equally severe at all shopping centres with Fourways Mall experiencing the biggest decline, possibly due to renovations at the centre.



Service stations had an even more severe drop of 10% lower than a year ago. The service station industry is not showing any positive upturn with June 2018 being the worst month over the last 12 months. A 10% decrease in service station stops is experienced between July 2017 and June 2018. The increase in March 2018 is possibly the result of Easter weekend travel. "We must remember that service stations fill a dual purpose of various retail activities and of filling up with fuel," explains Holmes. "The drop in visits is therefore indicative of people not requiring as much fuel as often and also in part that the retail activity at these service stations has decreased."



BP, Sasol and Total experienced a bigger drop in visits, and Engen had the lowest drop. Engen and Shell had a marginal increase in market share from Q3 in 2017 to Q2 in 2018.



According to Du Preez the travel patterns of these 250 000 vehicles is a respectable indicator of the population. "More so, the patterns seen in driver behaviours are an indicator of what is to be expected of the months to come." Du Preez concludes that consumers will continue to look for alternatives and driving for leisure will decrease as is already clear from more severe drops being experienced in weekend travel than in week travel.

\*figure excluded holiday skewed December/January period