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**MEDIA RELEASE**

**South Africa and the World: A Global and Local Economic Perspective at SAPOA Annual Convention 2024**

The topic of "South Africa and the World" at the 2024 South African Property Owners Association (SAPOA) Annual Convention examined the nation's economic prospects in light of international developments. The discussion, which was led by Daniel Silke, Director of Political Futures Consulting, focused on international trends, South Africa's political transition, and the ability of the nation's real estate and property industries to adapt to demands from both the inside and outside world.

Silke began by providing some background information on the state of the world economy. He emphasised how India's economy, which is expanding at an astounding 7% annually, is expanding quickly while China's GDP is slowing down. On the other hand, GDP growth in South Africa was just 0.6% in the second quarter of 2023, as reported by Statistics South Africa (Stats SA). The country's economic growth is still slow. The real GDP of South Africa increased by just 0.2% in 2022, largely due to persistent difficulties in the manufacturing, logistics, and services sectors.

Comparatively speaking to other emerging markets, South Africa's post-COVID recovery has also been slower. The South African Reserve Bank (SARB) reports that high inflation peaked in July 2022 at 7.8%. Since then, it has started to decline, reaching 4.7% by mid-2023. The real estate and construction industries, on the other hand, are still having difficulty returning to their pre-pandemic growth levels due to inflationary pressures.

**Important Economic Issues: Infrastructural Shortfalls and Joblessness**  
Unemployment is one of the main economic problems that South Africa is still facing. As of the second quarter of 2023, Stats SA reports that the official unemployment rate is 32.6%, with young unemployment at an alarmingly high 61%. Silke brought out the fact that millions of South Africans are still unable to find employment due to the country's stagnating economy and inadequate infrastructure. Household consumption has not entirely returned to pre-pandemic levels due to these causes.

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Infrastructure continues to be a major impediment to economic progress, especially in the energy and transportation sectors. The national power company of South Africa, Eskom, has made significant progress, but unstable electricity supply still undermines investor trust and productivity. Silke emphasised that South Africa is unable to fully utilise its abundant mineral resources, which may spur economic growth, due to logistical problems, particularly at the nation's ports and railroads.

Even with the uncertain economic future, the discussion also brought to light many encouraging patterns. Investors are feeling cautiously optimistic due to the political stability that the Government of National Unity (GNU) has brought about. According to Silke, investor mood is beginning to improve as a result of Eskom's electricity generation stabilisation, which is being supported by renewable energy projects.

He also mentioned indicators of the real estate market's revival, with Cape Town emerging as a major performer. In contrast to decreases in other major cities, real property prices in Cape Town increased by 1.4% year over year. According to SARB predictions, GDP growth in South Africa might rise to roughly 2% in 2024 if political stability persists and economic reforms take root.

Silke underlined that South Africa needs to negotiate a challenging global economic environment. Although the U.S. economy appears to be cooling—inflation rates fell from 9.1% in June 2022 to 3.2% in mid-2023—trade shifts and geopolitical concerns are increasing uncertainties. South Africa will have opportunity to draw in capital flows in 2024 as a result of the US dollar's decline, but the nation must make sure its political and economic structures are strong enough to draw in these inflows.

Amidst its robust trade relations, South Africa faces threats from China's economic decline, with GDP growth expected to fall to 4.5% in 2023 from an average of 6-7% in previous years. The prospects for South African commodity exports are further impacted by the continuous reduction in consumer confidence in China and the drop in housing prices. However, the economic expansion in India opens up new opportunities, particularly for real estate and infrastructure projects.

Silke emphasised in her conclusion the significance of public-private sector cooperation in order to realise South Africa's economic potential. The secret is to make targeted



infrastructure investments, especially in the energy and transport sectors, as they will be essential for increasing growth rates and drawing in both domestic and foreign capital. Infrastructure capital investment has decreased dramatically over the last ten years, according to Stats SA, and will only make up 15.9% of GDP in 2022—much less than the targeted 30%.

The implementation of governance reforms, specifically at the municipal level, is vital to prevent corruption and inefficiency from impeding investment. As Silke stated, "The Government of National Unity offers a unique opportunity to reimagine South Africa's future, but it will require sustained political will and a commitment to long-term growth strategies."

The discussion emphasised that, despite major political and economic obstacles, South Africa still has room to grow, especially in the real estate industry. Investors are keeping a careful eye on things, and if political and economic reforms are carried out properly, South Africa may have a more stable and prosperous future. The SAPOA Annual Convention 2024 emphasised the significance of utilising these chances by means of creative problem-solving, infrastructure investment, and cross-sector cooperation.

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