

Employment data signals tough times

 By Richard Gray

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South Africa's economy continues to shed jobs, placing its workforce under considerable pressure. This will inevitably introduce additional strains into the country's property markets.



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Released recently, Stats SA's latest Quarterly Employment Statistics assesses the state of the formal, non-agricultural sector in the second quarter of the year (in other words, between April and June). It is the key measure of the state of employment in the country. It revealed total employment of 9,218,000 people in this part of the economy over this period. In the first quarter of the year it recorded 9,285,000 – which meant that South Africa had shed some 67,000 jobs over this period.

Hardest hit was the community services sector – government, health, education and recreational services, for example – which shed 48,000 jobs. Manufacturing, trade, transport and mining showed smaller declines. Construction added a modest 1,000 jobs.

Measured over the longer term, the economy has added a little over 30,000 jobs since June 2015 (when total employment stood at 9,188,000), but has seen a significant decline since the recent highpoint in December 2015 (9,288,000).

Continued economic turbulence

These numbers suggest continued economic turbulence impacting on the livelihoods of a many South Africans. This adds a worrying dimension to recently released data from the Association for Savings and Investment South Africa and from Old Mutual's Savings and Investment Monitor – which suggested that stressed households were dipping into savings or minimising their bond payments.

The hardest hit are likely to be those in the lower and middle-income groups, whose reserve funds are smallest, and who rely heavily on their paychecks to meet their living expenses. The prospect of defaults on bonds and declining sales in this part of the market are very real.

On a positive note, the slight increase in employment in the construction industry, demonstrates an encouraging resilience, indicating some buoyancy in the property sector – and also highlighting its critically important role as a creator of employment in the current difficult economic environment.

ABOUT RICHARD GRAY

Richard Gray is CEO of Harcourts Real Estate South Africa. He joined the group in September 2010. Gray brings extensive experience in IT, project management, corporate operations and financial services provision, having been CEO of mortgage originator Bond Choice, to the table. He believes that the key to the group's prospects are the strong brand, industry-leading value proposition, talented people, and the benefits of being part of a powerful international real estate group.

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