

New report reveals impact of commercial property sector in Mpumalanga

The South African Property Owners Association (SAPOA) has released [a report](#) analysing the commercial private property industry in Mpumalanga, with specific reference to the City of Mbombela Local Municipality.



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According to the research, carried out by Urban-Econ Development Economists, the dynamics surrounding the application processes such as timely submissions and approvals are factors directly impacting the economic value of the private commercial property sector within the City of Mbombela and the Mpumalanga Province. Any development constitutes an injection into the local economy. When this development is delayed, its impact and multiplier effect on the economy will also be delayed. This amounts to economic losses equal to the injection that would have been added by the development. The economic losses are clearly reflected in the provincial gross domestic product, employment, income and provincial tax.

Regarding the gross domestic product, the research showed that the private property sector contributed approximately R237bn to the national economy, with construction contributing approximately R152bn and property management R84bn. In terms of Mpumalanga Province, approximately R14bn consists of private property sector activities of which R9bn is attributed to property construction and R3.9bn to property management activities. On the other hand, the private property sector in the City of Mbombela contributes approximately R2.8bn to the local economy of which R1.8bn to property management activities.

Employment figures

On a provincial level, the private property sector in the Mpumalanga Province employs just over 135,000 people of which 96% of these jobs is attributed to property construction and 4% to property management activities. The City of Mbombela has roughly 26,000 people employed in the private property sector of which 95% is within property construction and 5% is occupied in the property management sub-sector.

In terms of provincial tax, the private property sector has contributed rough R425m of which 44% was from property construction and 56% from property management activities. The tax generated in the City of Mbombela in 2016 was R101m with 40.5% from property construction and 59.5% from property management. The contributions made by the industry shows that there is significant activity within the sector, and therefore it is critical that all factors contributing to delays within the development application process be mitigated. According to the research, a single application delay can potentially lead to an economic loss of up to R70,000 per day in new business sales, R27,000 per day in GDP contributions, four employment opportunities per month and R 13,500 in income per day.

SAPOA and the City of Mbombela have agreed to set up a joint forum to engage further with the intention of finding resolve to some of the impediments.

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