

outlook 2017

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On the building front the number of building plans being passed is looking better and will lead to increased activity in future when they are converted to actual building projects. Another indication of improvement is that hardware sales are turning upwards. "This is an inherently stable market and the slightest bit of improvement in the economy should translate to positive growth in the sector."

As for the negative sentiments, Dr Botha predicts that these will prove to be largely unfounded and that any possible downgrades will not happen in the near future. Also, he expects the rand will not go into freefall as many naysayers might suggest. The only caveat, of course, is the unpredictable political environment and the extent to which markets will react to the internal strife within the national government.

"There is a lot of positive and a lot of money to be made. We predict that CPI will go down and as a result interest rates will not rise again in the near future. At present, our per capita disposable income ratio is good, the index of manufacturing volume is rising; and metals prices, of the type mined in South Africa, are up by 20%. That means overall our macro-economic outlook is better than one reads in the media." ■

We are cautiously optimistic and firmly believe that there are good opportunities to be explored

It is important to note that our outlook is based on the market we operate in which is predominantly the private sector within the Gauteng region.

We experienced reduced activity in the first half of 2016 which raised concerns going forward as to whether or not all the negativity surrounding our political environment was resulting in contraction due to poor investor confidence. Although this could be the case we must however note that activity over the last three to four months has increased as can be seen by the number of enquiries and tenders that have been circulated in our space.

This increased activity in the last few months has made us more bullish on the outlook for 2017, however margins remain under huge pressure which has been the case for some time and we don't see much of a change going into 2017.



Jose Correia, MD, Tiber Construction

We must also note that many of these tenders are being submitted with unrealistic programmes which is evidence that developers are also under pressure to secure limited leasing opportunities with tight move in dates.

We believe that we are in for an interesting year ahead as the playing field undergoes major changes and restructuring as a result of additional pressure placed by government in a bid to rebuilt relationships with the Major's previously damaged by the Competition Commission's findings. This will all add more pressure to an already struggling industry which is noticeable by the number of listed entities expressing interest in selling off majority share holding and in some circumstances leaving the space completely.

We are hopeful that due the avoidance of a ratings downgrade, foreign investor confidence will be boosted thus unlocking further opportunities for growth in our sector.

In summary even though employment figures for the year in the industry were up we did not feel these increased levels of work in our sector but as a result of recent increased activity, are more positive for the New Year. Due to the volatile nature of our industry we do however remain cautious on the outlook but still firmly believe that there are good opportunities to be explored for those who are prepared to invest the time and effort. ■