

Africa's positive demographics are creating many opportunities

The economic woes currently being experienced in developed markets are closely aligned with their greying populations, as the costs associated with ageing demographics present policymakers with serious challenges. In contrast, says Pieter de Wet, head of research at Novare Equity Partners, are Africa's demographics creating many opportunities, supported by improving political and economic dynamics.

Euromonitor International's September 2011 report on global population trends noted that Japan, with 23.3% of its people above age 65, has the oldest population in the world. The rest of the top ten countries with the oldest populations are all European and they include Italy, Greece and Portugal.

Median age lower than any other geographic group

"The African picture contrasts sharply with the developed world. The continent has a population of over a billion people, with a median age in sub-Saharan Africa of 18.6. This is lower than any other geographic grouping. Asia has a median population age of just under 30, while the average for the BRIC nations is 32," says De Wet. One implication of these trends is that developed countries will increasingly need to outsource their labour requirements to economies where the population is young.

Euromonitor noted that towards the end of the previous decade, almost 60 million households in Africa were classified as middle class. This number is expected to increase to over 100 million by the end of 2014, which is significant given the African Development Bank's view that growth of the middle class is associated with better governance, economic growth and poverty reduction.

While Africa continues to face challenges with regard to health, most people are living longer and are more educated with better access to goods and services than 20 years ago.

Africa experienced a reduction in political strife

In Mercer's 2011 cost of living index, Luanda in Angola is ranked as the world's most expensive city for expatriates. Other African cities suffer the same affliction, with accommodation shortages fueling high prices in the more affluent areas and the mid-level housing market. There has also been a big reduction in political strife in Africa. In 1987, 16 countries were deemed 'democratic'. By 2007 this number had increased to 44.

According to De Wet are Africa's demographics, supported by improving political and economic environments, creating many business opportunities. For example, growing middle class consumption is fueling the retail sector where low levels of market penetration represent huge potential across the continent. As a result, foreign direct investors looking for better long term prospects as well as real yields are increasingly turning their attention towards Africa."