

Here's why tourism is so important to the real estate sector

According to Gerhard Kotzé, MD of estate agency group RealNet, there are two main reasons why the tourism industry is so important to the real estate sector. "The first being the jobs that tourism creates directly, and the rising number of people that are thus enabled to become tenants, home buyers and property investors," he explains.



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According to the latest available figures from StatsSA, almost 700,000 people were employed in SA's tourism sector in 2016, compared to just over 500,000 in 2006. "This means that more people are employed in tourism now than in mining, and that tourism has proved to be better at creating new jobs over the past few years than manufacturing," he notes.

Employment in tourism sector

"In 2016, total employment in South Africa (both formal and informal) amounted to 15.8-million people, of which 4.4% (or 1 in every 23) were directly employed in the tourism sector, which includes road and air transport, food and beverage, accommodation, tourism-related retail and travel agency services. What is more, whites accounted for only 9% of the tourism workforce, indicating that the sector is a leader in transformation and empowerment."

Kotzé says the second reason for the real estate sector – and the rest of SA - to get excited about tourism is how much tourists spend, and how much good that money could do in expanding the economy and creating even more employment.

"The Stats SA figures show that the sector contributed a total of R186bn to the economy in 2016, with R144bn coming from domestic tourism and R42bn being the net gain from inbound spending less the amount spent by SA tourists to other countries."

A reason to celebrate

To put this in perspective, he says, that is a bigger amount than the total currently being generated by agriculture and construction put together, and equal to about 80% of what mining generates.

“It is also 186 times the amount the government has just allocated to build new student housing at 17 institutions around the country, 186 times what Nissan has spent over the past three years to upgrade its massive car manufacturing plant in Rosslyn, and 186 times the amount that the City of Cape Town raised last year to expand its sustainable water infrastructure.

“So the news that tourism is growing* is definitely a reason for real estate and many other industries to celebrate.”

**The latest stats show that 9.5% more foreign tourists entered SA in March this year than in March 2017. Most of these (almost 69%) were visitors from neighbouring African countries and 29.5% were overseas tourists, with the balance coming from the rest of Africa. The countries of origin with the highest increases in the number of tourists to SA were Botswana, Angola, Germany, Australia, Cameroon and Ghana.*

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