

Charting uncharted waters: A quintet of challenges for South Africa's built environment

Issued by [Catchwords](#)

28 Feb 2024

In an era marked by unprecedented change and complexity, the ["Global Risks Report 2024" by the World Economic Forum](#) unfolds a sobering landscape of the next decade. As we navigate through the tumultuous waves of swift technological advances, economic instability, climate change and escalating global conflicts, the fabric of international unity is being tested like never before.



Jason Griessel, head of Cushman & Wakefield | BROLL Strategic Risk Services

It is within this fragile framework that [Cushman & Wakefield | BROLL](#) delves into the South African and broader African markets, offering a discerning lens through which to view environmental upheavals, societal rifts, cybersecurity threats, economic volatility and demographic shifts and how these changes affect real estate. Using our insight into African markets, we have created modelling to better understand these risks to ensure clients are informed and ready to act. As a result, this approach ensures robust real estate strategies, solutions and investment opportunities, notwithstanding the challenges.

Here are the top five risks, tailored to the local built environment and presented in order:

1. Climatic shifts and severe weather patterns:

These events, encompassing intense rainstorms, prolonged dry spells and other extreme conditions, significantly impact the structural integrity of properties and real estate market dynamics. An example of this is catastrophic fire loss in both urban and informal built locations on the rise. Enhancing the resilience and adaptability of new and existing structures is a primary step in countering these challenges.

2. Deepening social divides:

Increased social fragmentation can lead to disturbances impacting property safety and valuation. Engaging in community initiatives and developing comprehensive emergency management frameworks that consider societal factors is crucial. Security sector reform and economic improvements in job creation are paramount.

3. Digital security breaches:

As the real estate sector integrates more technology in operations and safety systems, susceptibility to digital threats increases. This risk spans from safeguarding sensitive information to maintaining the functional reliability of properties. Establishing stringent digital safety measures is essential. Training operators who interact with these endpoints is crucial.

4. Economic fluctuations (opportunity scarcity, value erosion, market dips):

Instability in economic conditions influences property worth, the feasibility of investments and the capacity for funding new or restorative projects. Strategic financial navigation and diversification are key to managing these fluctuations. Adherence to compliance is an important factor, as its absence, in turn, downgrades investment credibility and increases outflows of capital to more favourable adjacent African states.

5. Forced population movements:

The mass movement of people due to conflict or environmental crises can quickly alter housing needs and strain city infrastructure – and this includes semigration. For instance, Zimbabwe sheds working persons to South Africa, and Gauteng loses swathes of families to the Western Cape. Recognising migration patterns and creating adaptable accommodation solutions is vital for the real estate sector.

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