**PRESS RELEASE**

The Cost of Living and Effects on Retail Spend

**20 June 2021:** The ever-present Covid-19 environment is straining communities and consumers to such an extent that the retail market is facing one of its toughest challenges to date. In the latest report from Broll Property Intel, which focuses on the cost of living and effects on retail spend, it is clear that the rise in the unemployment rate compounded by the pandemic has caused a shift in spend from luxury items to necessities.

This dire situation is further exacerbated by the rising costs of those necessities. As increases in petrol, municipal rates and food costs continue, the spending power of the average South African is placed under immense pressure, with the average South African now taking home a monthly salary of R12,650, similar to that recorded in 2018.

Most consumers, says the report, deplete their monthly income entirely, and worse, state that 41% are spending more than they earn. This has resulted in an increase in outstanding credit balances across all credit categories.

There is seemingly no relief as indicated by the Consumer Price Index (CPI), which also shows the highest rate recorded in 30-months at 5.2% in May. These rates are attributable to the increased price of food and non-alcoholic beverages (1.2%), housing and utilities (2.3%), and transport (15.3%).

While the South African Reserve Bank is set to keep interest rates unchanged, the average cost for a basket of food has risen in spend-per-head since the onset of the pandemic by 25.2%!  Overall food prices have sky-rocketed, and although a global trend, the impacts are placing further pressure on SA's strained economy.

Although retail trade sales were down for the first three months of the year, a decline of 1.3%, the report says that sales are starting to recover from the record lows of mid-2020. However, with more than half of the retail categories reporting negative to minimal growth rates for the same period, the report indicates that the rise in costs and uncertainty of Covid-19 will continue to challenge the retail market, with full impacts yet to be revealed or determined.

***Ends***

**About Broll Property Group**

Broll Property Group is the largest independently-owned and proudly South African commercial property services company. With operations across 13 countries in Africa and 2,000+ personnel, we offer high-performing solutions built on a culture of innovation, distinguished by service excellence and longstanding client relationships – which is why we are renowned as the ‘progressive property people’.

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