



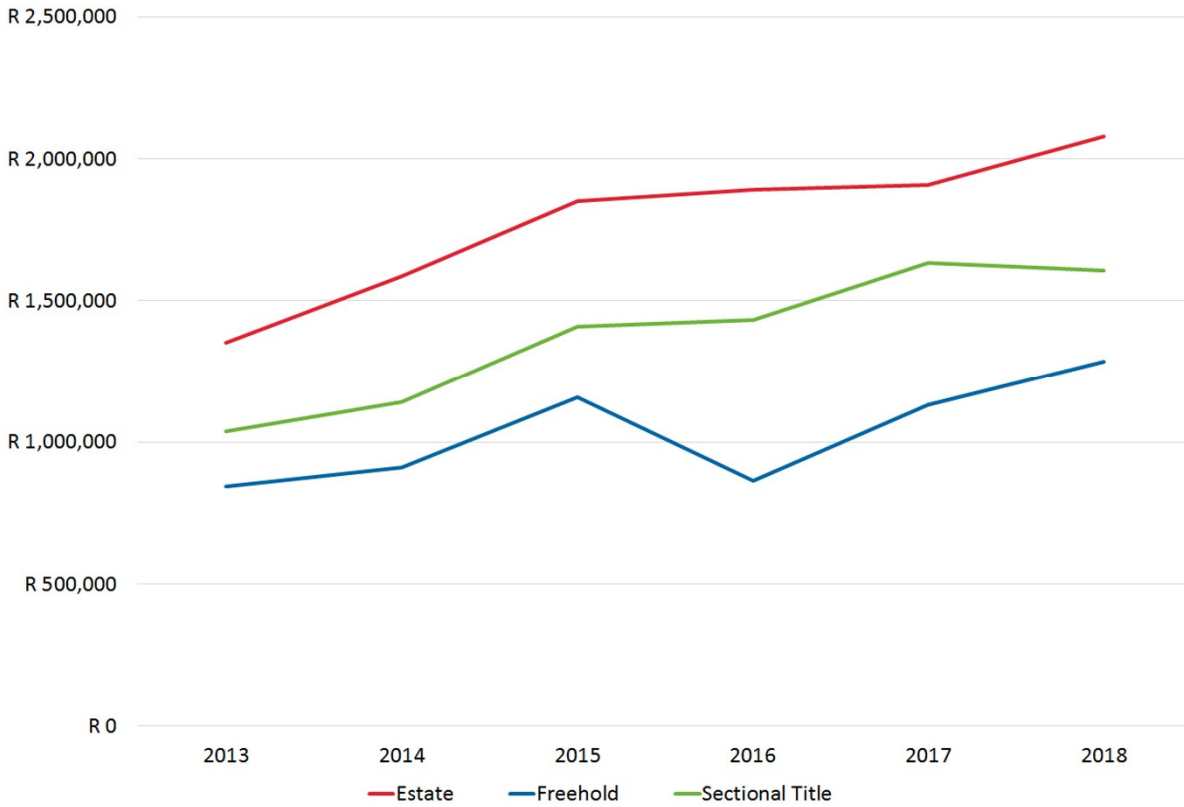
~ WESTERN CAPE WATER CRISIS AND THE PROPERTY MARKET ~

Lightstone Investigates the Real Estate Market in the Western Cape in the Last Five Years

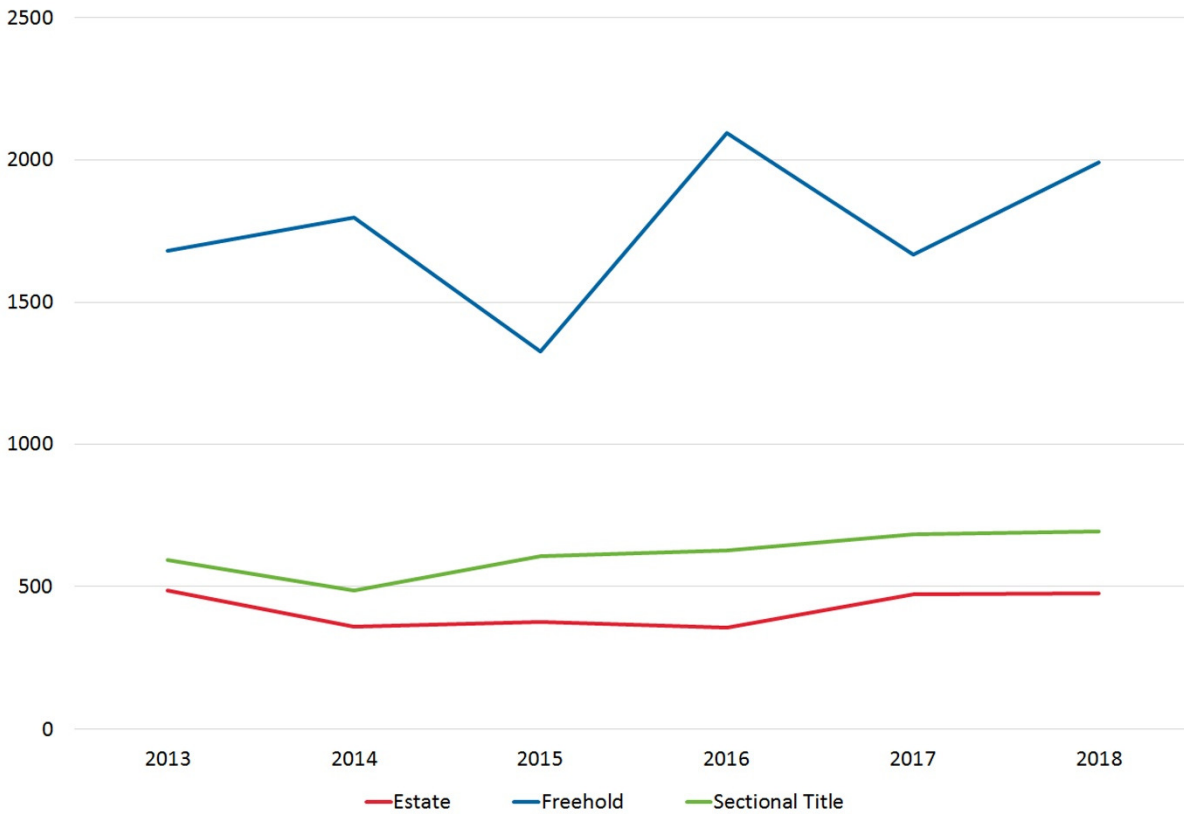
Reports of the devastating drought in the Western Cape has been rampant on all media channels. The continued threat of *Day Zero* has had a direct effect on the tourism industry, wildlife, the agriculture and in a [recent statement](#) by the Minister of Economic Opportunities it is said that close to 30 000 jobs in the province could be lost. If the situation is having such an adverse impact on these sectors, is it also affecting the property market?

The short answer to this question is no. Lightstone has compared the properties values of the last five years and the findings are encouraging. When the year-on-year average inflation value of January is compared from 2013 to 2018 the growth is positive. "When looking at growth of each year, 2016 is by far the worst. This was the year when the rand took a turn for the worst and performed at almost R 17.00 to the US Dollar," says Hayley Ivins Downes, Head of Real Estate at Lightstone. According to Lightstone, the tumultuous economic and political environment during this time is accountable for more losses in the real estate market than that of the looming *Day Zero*.

Sales Growth in The Western Cape for January Only (year-on-year)



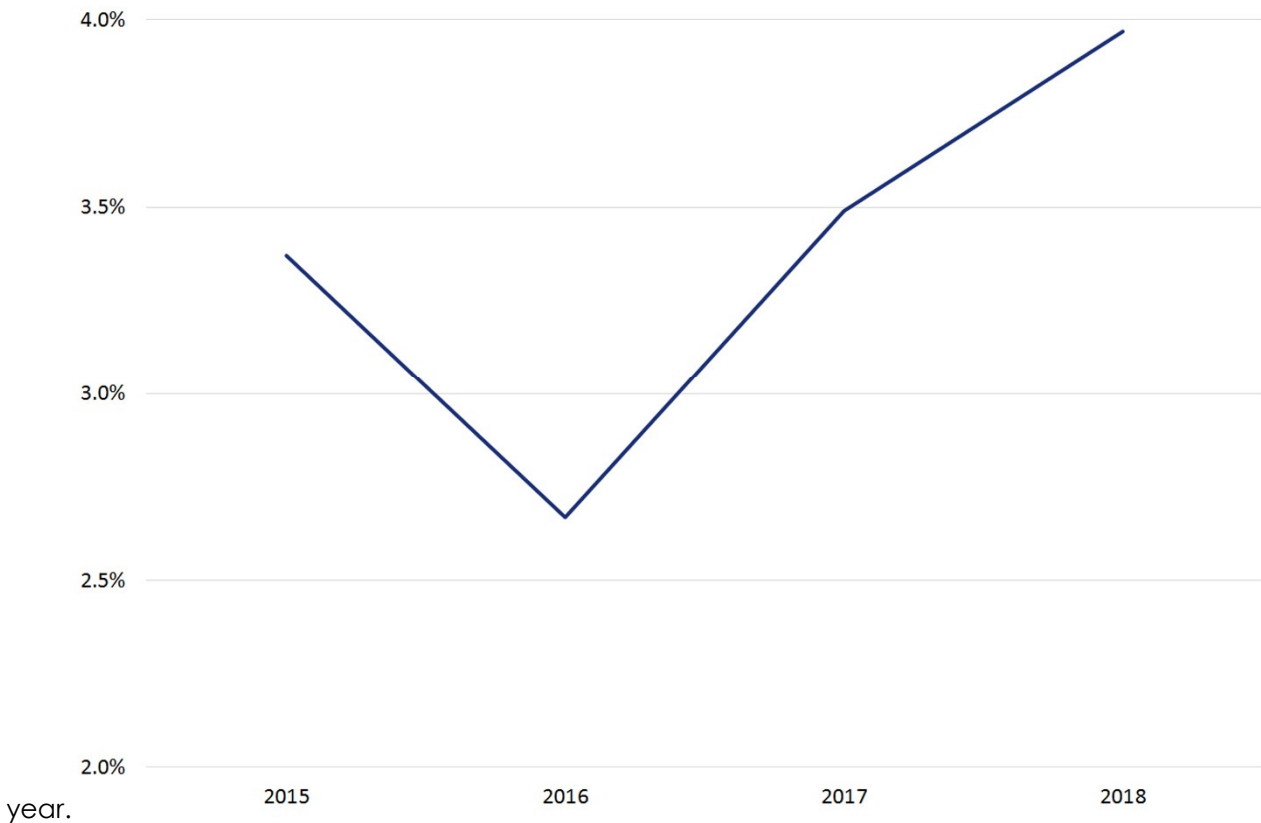
Total Property Sales in The Western Cape (January only)



Although some property specialists have correctly reported a decline in the growth rate of sales in the Western Cape, this cannot be attributed to the drought alone. This occurrence is seen across the country, and according to Ivins Downes can again be directly affiliated to the uncertainty of the country's political future.

One of the most interesting findings in the analysis of purchases and inflation in the province is the number of foreign investments in property, with an increase in January of almost 4% from the previous

Percentage of Foreign Investments in Property in The Western Cape (January only)



“Overall these analyses can be viewed as very positive and encouraging. Real estate is the most popular investment and can provide a direct link to your CPI data. Citizens and foreign investors aren't being deterred by the challenges that the water crisis brings and it can therefore be deducted that they are embracing the changes and not afraid to apply the restrictions and alternative living standards,” concludes Ivins Downes.