

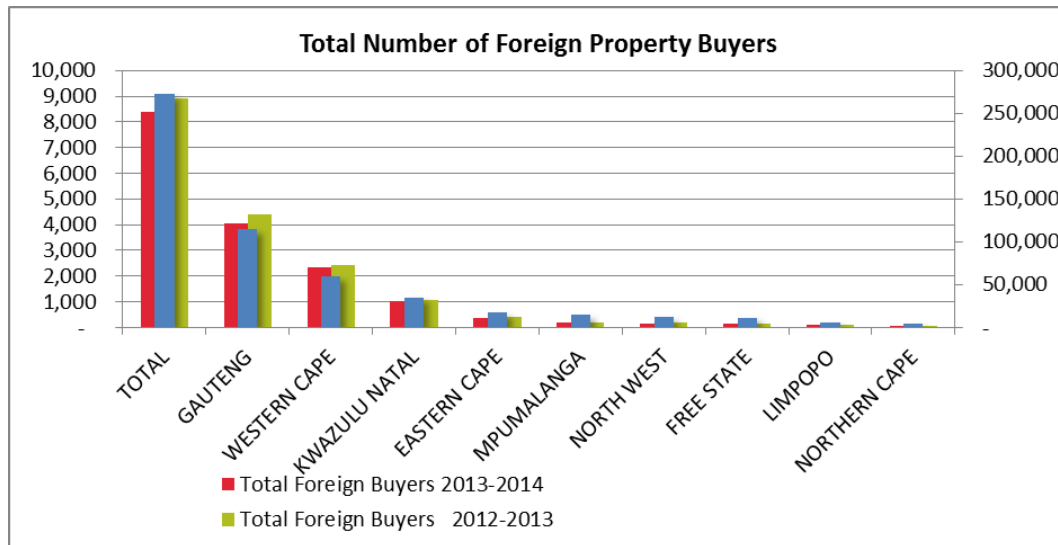


Gauteng still most popular for foreign ownership

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South African property continues to be an attractive investment option for foreign buyers. The latest Lightstone research and data of foreign buying and selling trends within the domestic property market proves that despite the dip the global market has taken in recent months, foreign confidence in South Africa is holding firm.

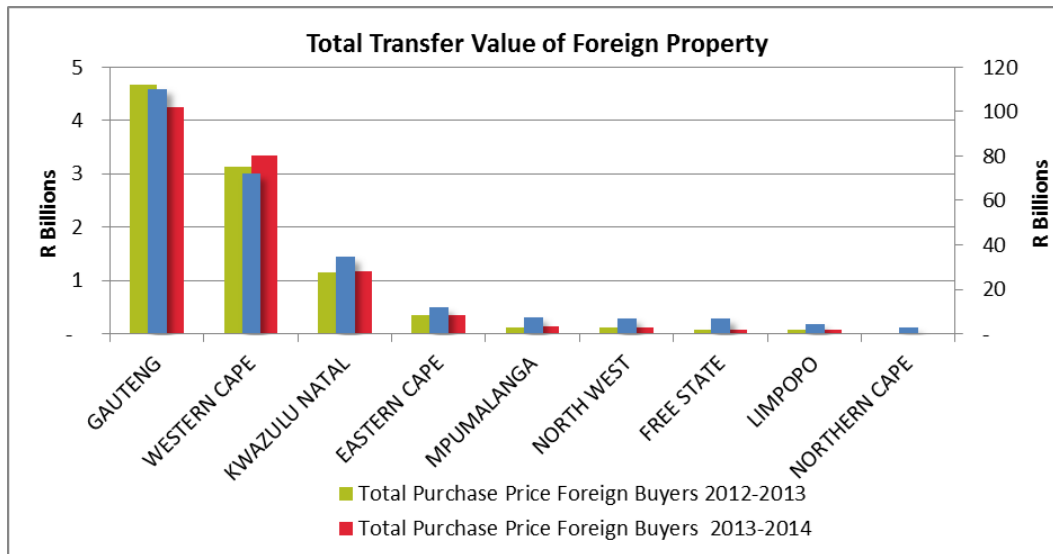
As seen in the Sunday Times and Business Day Live <http://www.bdlive.co.za/business/2014/09/28/foreign-interest-in-sa-property-remains-strong>, this past weekend, Lightstone’s data shows that between 2013 and 2014, of the 280 395 property registrations that took place across South Africa, 8530 of those properties belong to foreign buyers. The five provinces that have the highest number of foreign buyers are: Gauteng – 4054; Western Cape – 2343; KwaZulu Natal – 1024; Eastern Cape – 376; Mpumalanga – 185.



While the numbers seem high, foreign ownership of property only sits at around 3% of the total property ownership in South Africa. When compared to other Western countries, we actually have a significantly lower amount of foreign owners of property. In the UK, foreign ownership of property is about 15% of new properties bought; in the USA, foreign ownership is just above 6%; and in Brazil about 1% of land is foreign owned, which is due to their stringent regulations.

This does not take away from the fact that there is still a fair share of foreign interest in buying property in South Africa, which then begs the question: what’s so appealing about our market? “South Africa can be seen as *‘the door’* into the rest of Africa; geographically, we are in an ideal location and have a lot to offer in terms of real estate. We have beautiful areas that cater to a variety of tastes – beach, mountains, bushveld, game ranges, and so much more. South Africa offers fantastic weather, particularly in the summer months, and the Rand Dollar/Euro/pound rate makes it affordable for foreign buyers to invest in property in South Africa. As seen with the data, there is tremendous interest in property in the Gauteng and Western Cape regions. The appeal of the Western Cape would be driven by its natural positives: the mountains and ocean; whereas Gauteng is the business hub and an economic powerhouse for South Africa. These are factors that would drive the purchase patterns in these areas,” says Hayley Ivins Downes, from Lightstone Property.

Over the past 12 months, the total purchase price of properties by foreign buyers was estimated at R9 679 296 239, with sales price of properties by foreign sellers totalling a staggering R11 284 674 770. There are a larger proportion of foreigners selling property in SA than purchasing, and this could be linked to the world's economy going through a dip as well as our own political landscape.



53% of the 8530 foreign bought properties in SA in the past year have been cash purchases or investments, and the remaining 47% have been bonded. For those foreigners who do not have the cash to purchase a property outright, it is difficult to bond a property due to the requirements from the local financial institutions. While property purchases of foreigner buyers have dropped slightly from 8938 total property purchases by foreign buyers between 2012 and 2013, to 8530 purchases between 2013 and 2014, it is not a significant drop. This number could, however, drop drastically over the next few years if certain land policies (which are currently being reviewed in government) are passed. This would make it more difficult as a foreigner to own property in South Africa in the future. These land policies would affect mainly commercial property estate agents and property developers, as detailed in this IOL article <http://www.iol.co.za/business/news/sa-to-limit-foreign-land-ownership-1.1724595#.VCiCtvmSySp>.

Until then, purchasing South African property continues to be a fairly popular cash investment for foreigners, which is great news for property agents. A foreign buyer would generally use a local agent to purchase or sell local property, and with each of these properties averaging R1.2 million in value, this provides an opportunity for estate agents to earn a decent commission. A good agent will ensure that they build a great relationship to ensure word of mouth referral to other foreign interested buyers going forward.

"Foreign" in this instance is anyone without a South African ID number (includes those within Africa, and internationally.)

The data of foreign and buying trends within SA's property market (between 2013-2014) contained in this article is part of Lightstone's Property Solutions, which are designed to meet the information, analytic and system requirements of property professionals, financial institutions and individual buyers and sellers. Lightstone's data is not based on surveys, but rather information gathered from their analytics and research department. The accuracy of the data they provide, is something Lightstone prides themselves on.

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