

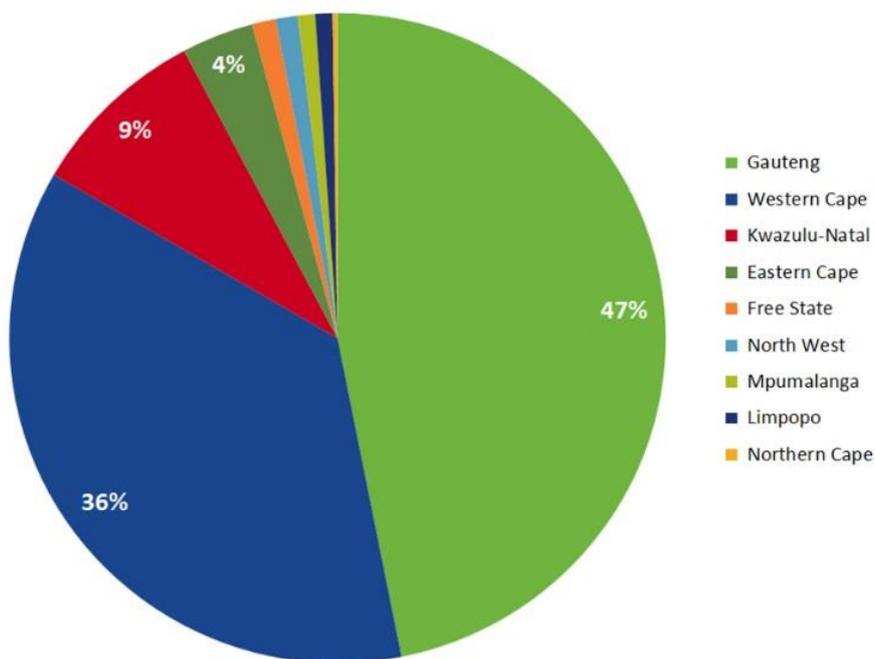


Foreigners continue their pursuit for South African Property

Owing to the increasing positive local sentiment since the start of 2018, foreign ownership in the local property market has experienced an encouraging upsurge. In 2017, [Lightstone](#), the trusted provider of comprehensive data and analytics for the property market, released a foreign investment report which indicated the increased appetite within this buying market. Many postulated that this figure will decrease in the following months, however this was not the case and an analysis of current foreign ownership in South Africa shows an increase of 42% in January 2018 for Cape Town alone.

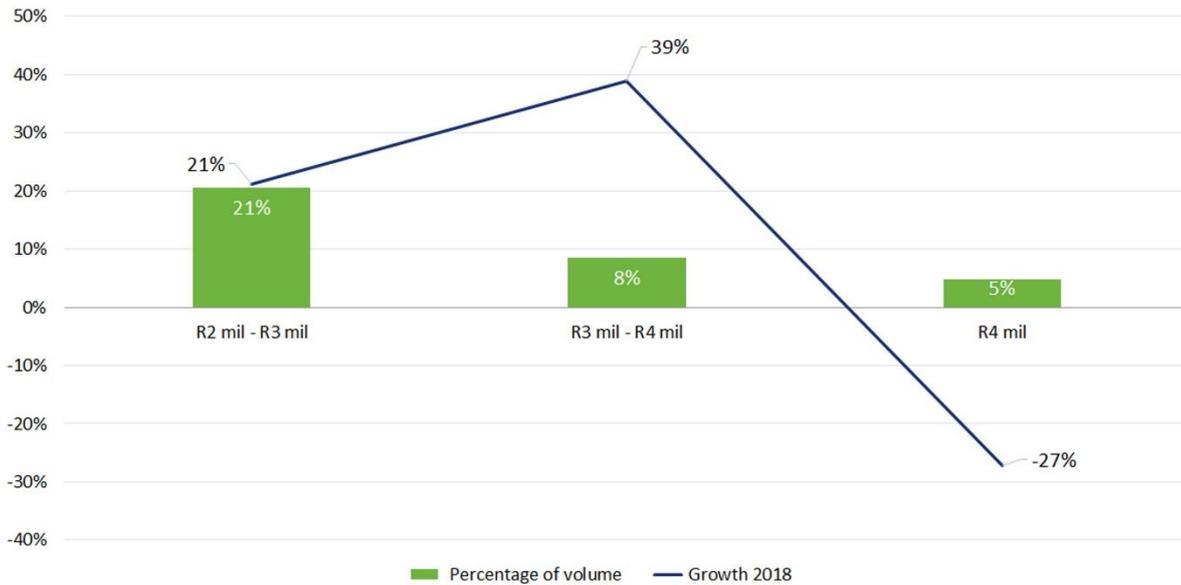
“Gauteng and Cape Town are evidently at the top of the purchasing pile; Cape Town due to its cosmopolitan ambiance and multi-cultural inclusiveness, and Gauteng because of the thriving industrial and business hubs which offer many employment opportunities,” explains Hayley Ivins-Downs Head of Property at Lightstone. Transactional data shows that 83% of all foreign purchases are made in these two provinces. A surprising occurrence is that Gauteng is becoming increasingly popular and the Eastern Cape is also becoming more alluring to foreign buyers.

Number of foreign transactions

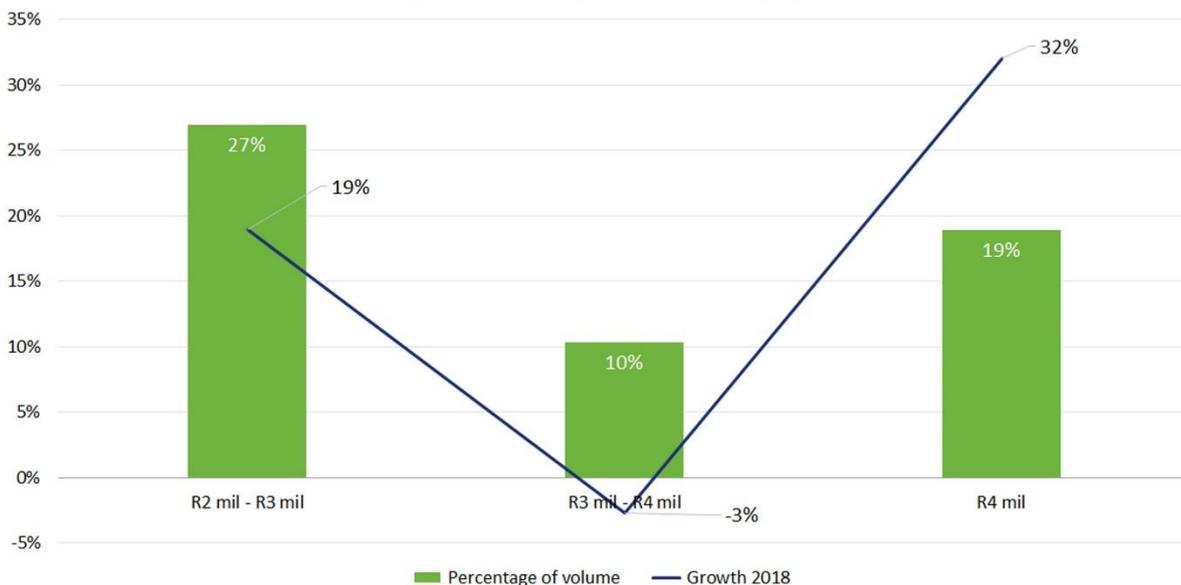


The current view of the percentage of property transfers in the higher value bands shows that Western Cape is the top performer in the country, followed by Gauteng. The R3 million to R4 million property value band in Gauteng has experienced a growth of 39% but a significant decrease in the above R4 million value band. The Western Cape in comparison has enjoyed the most growth in the R4 million value band and a negative growth in the R3 million to R4 million band. Growth and popularity in the R2 million to R3 million value bands remains high for both provinces. According to Ivins-Downs the upper value band in the Western Cape will continue to grow in popularity.

Gauteng: Growth in prominent foreign price bands



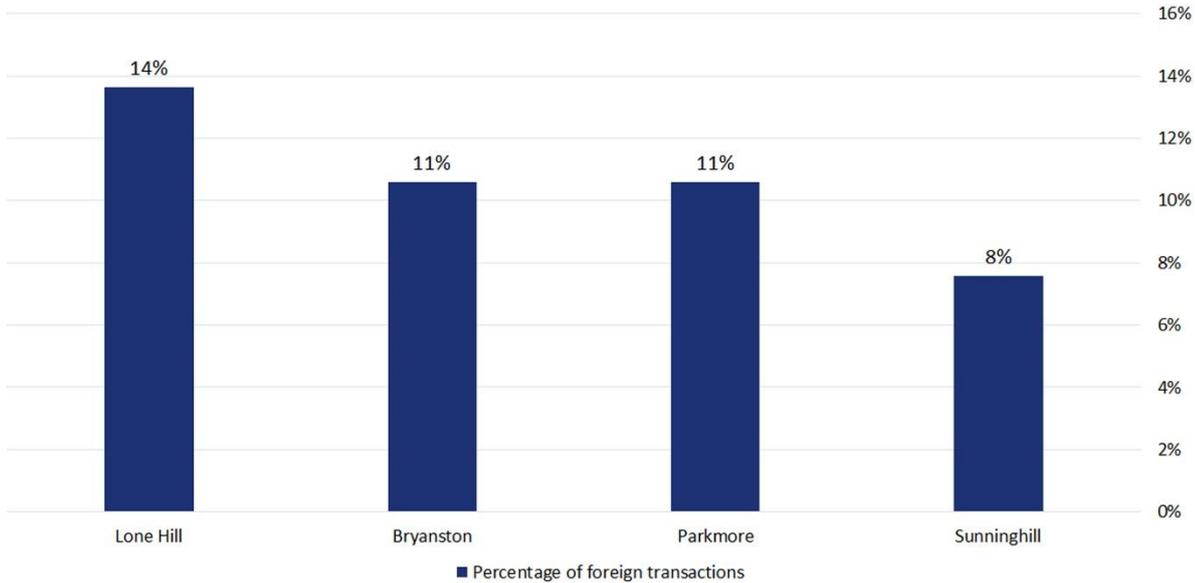
Western Cape: Growth in prominent foreign price bands



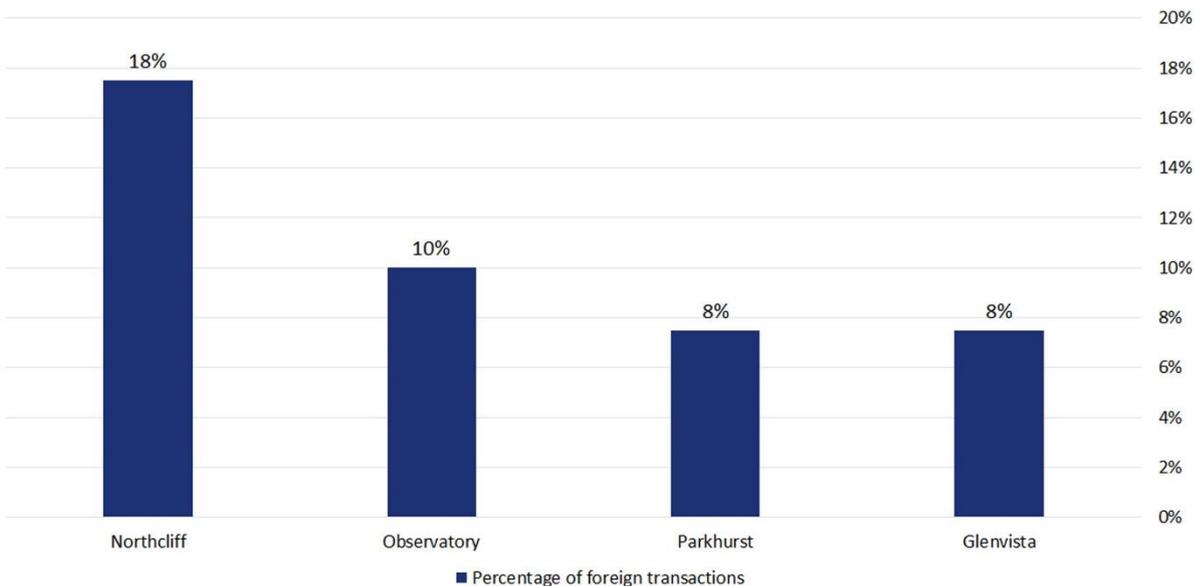
Taking a closer look at transactional data within the provinces, Cape Town and Milnerton in the Western Cape; and Sandton and Johannesburg in Gauteng are the highest growth areas*.

Historically, Lonehill, Sandton which used to be a very popular choice amongst foreign investors has declined somewhat. Parkmore has now become very popular and surprisingly Douglasdale has also shown an increase since 2016. Looking at Greater Johannesburg, Gauteng the foreign transaction growth in Parkhurst weakened, while Northcliff has become a very popular choice. Glenvista is shown to have increased in interest since 2015.

Gauteng, Sandton: Top most popular suburbs

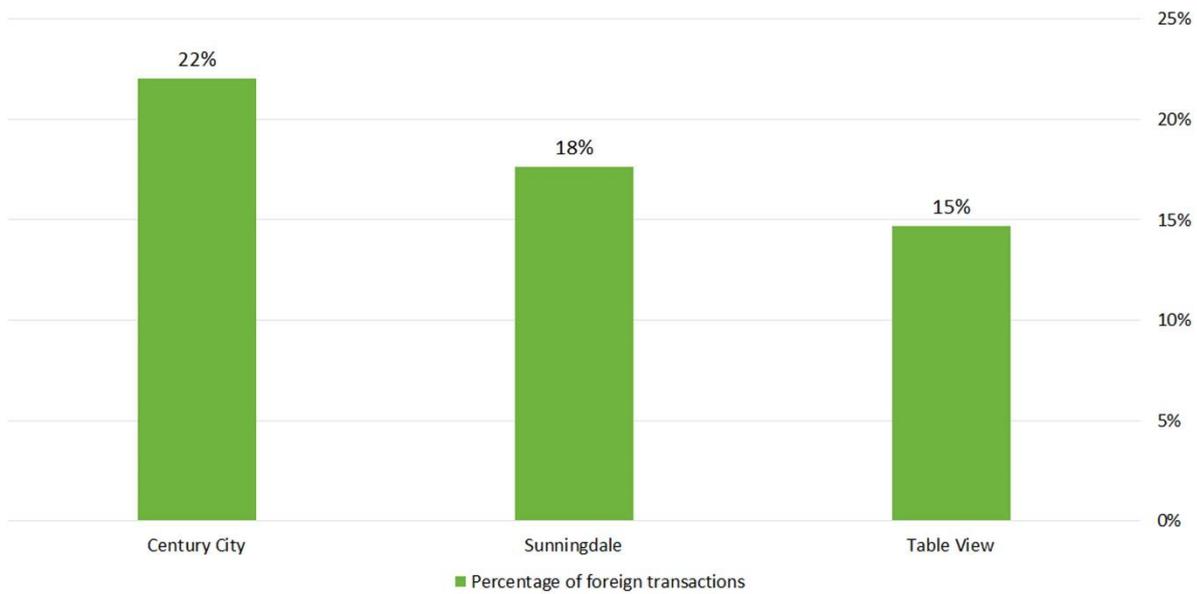


Gauteng, JHB: Top most popular suburbs

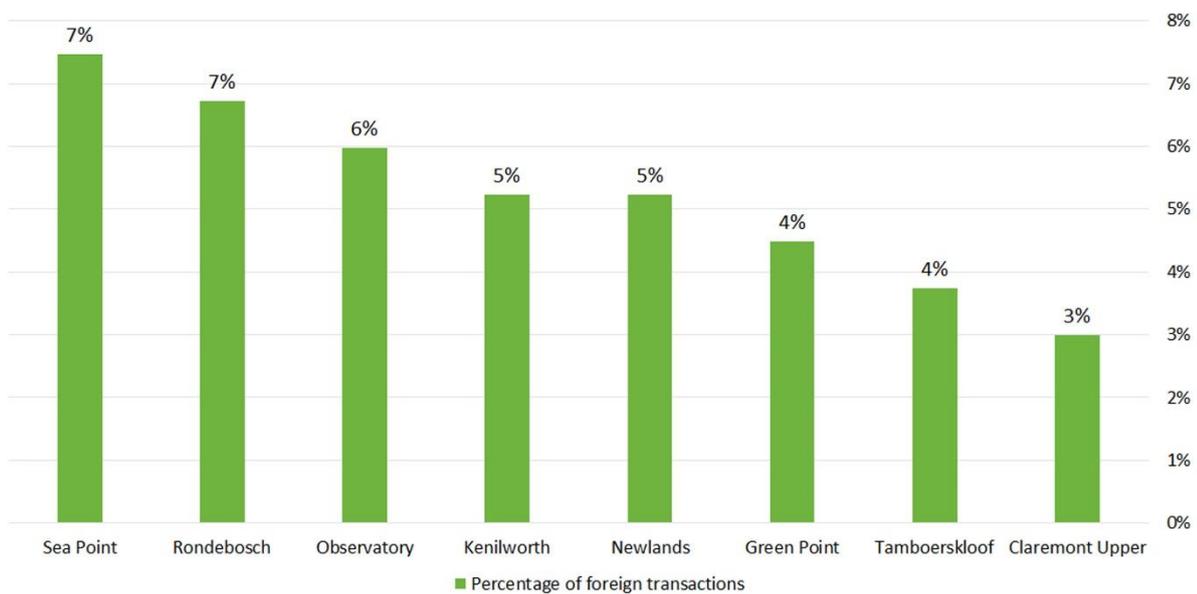


In the Western Cape, Cape Town foreign interest is far wider spread geographically. The growth in Sea Point which has been very popular over the last five years has declined, while Rondebosch has doubled in volume and Observatory, where new developments has tripled has become very popular. Kenilworth has also shown an increase in foreign investments since 2016. In Milnerton in the Western Cape, foreign transactions have grown in Century City. Table View continues to be a popular choice as it has in previous years.

Western Cape, Milnerton: Top most popular suburbs



Western Cape, Cape Town: Top most popular suburbs



“Earlier this year, Lightstone reported on the [Western Cape Drought](#) and how it did not deter foreign investors to look to the province for purchasing opportunities.” The current view of the percentage of property transfers by province and purchase year is evident of this statement where the Western Cape is the top performer in the country. The province has shown a steady increase of foreign sales over the last five years which is currently sitting at just over 7% of total sales to foreign buyers.

Ivins-Downs concludes that with our president’s focus to increase investments from abroad and his talent for negotiations, more and more foreigners will look for purchasing opportunities in the coming months and years.

Analysis of Foreign Transactions

Foreign buyers of property in South Africa have been detected using a statistical classification model based on informative predictor inputs to classify all private buyers as either South African or foreign.

The data used to develop this classification model is sourced from mortgage lender data on foreign buyers together with proprietary Lightstone Property data. Additionally, the 11th digit of a buyer's ID number has been used to indicate whether a buyer is foreign. Please note that this methodology is subject to classification error, however Lightstone Property believes the model's error is sufficiently low enough to be able to determine foreign buyer trends by area in South Africa.

** In a comparison of month on month volume of property sales to private foreign owners from 2017 to 2018 in the upper purchase price bands the top 50% in the most popular towns were revealed*

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