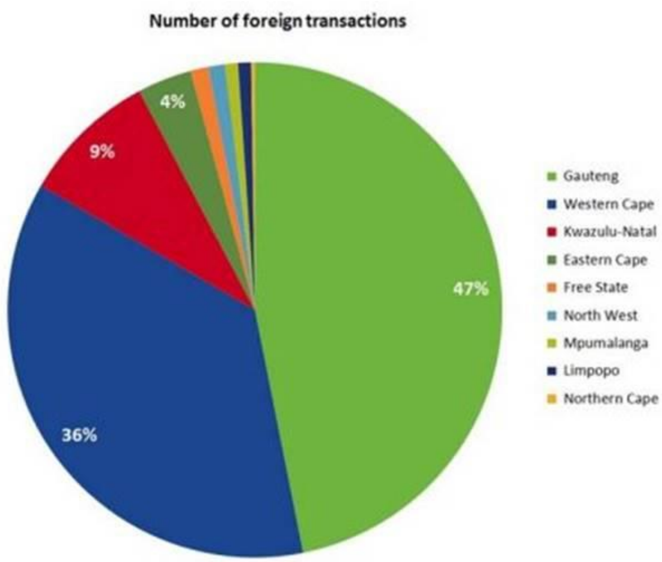
STBB THOUGHT OF THE WEEK
FOREIGNERS CONTINUE THEIR PURSUIT OF SOUTH AFRICAN PROPERTY
Contributed by Hayley Ivins-Downes, Lightstone

Many postulated that foreign ownership in the local property market would decrease this year, however, an analysis of current foreign ownership in South Africa shows an increase of 42% in January 2018 compared to the same period in 2017.

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



The current view of the percentage of property transfers in the higher value bands shows that the Western Cape is the top performer in the country, followed by Gauteng. The R3million to R4 million property value band in Gauteng has experienced growth of 39%, but there has been a significant decrease in the R4 million plus value band. The Western Cape in comparison has enjoyed the most growth in the R4 million value band, and negative growth in the R3 million to R4 million band. Growth and popularity in the R2 million to R3 million value bands remain high for both provinces. The upper value band in the Western Cape is expected to continue to grow in popularity.

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.

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. Observatory, where new developments have tripled, has become very popular. Kenilworth has also shown an increase in foreign investment since 2016. In Milnerton, foreign transactions have grown in Century City, while Table View continues to be as popular a choice as in previous years.