

## South African Property Good Value For Uk Buyers

The South African property market offers an excellent capital growth opportunity if you have Sterling to invest, and at the same time you can enjoy the fringe benefits of buying into a thriving first-world country with exquisite climate and scenery. All this will change, however, if the government stops foreigners from buying into SA.

Since embracing democracy in 1994, South Africa, with its temperate climate, thriving economy and globally competitive real estate market, has become a sought-after holiday and investment destination among foreign buyers.

And while these purchasers only qualify for maximum loans of 50 percent from South Africa's major financial institutions, an extremely favourable pound-to-rand exchange rate allows buyers from the United Kingdom in particular to either pay cash for their holiday homes or meet their half of the loan with ease, says Mike Bester, CEO of Realty 1 International Property Group.

Commenting on the growing trend for foreign buyers to invest in South African property, Bester said the country had established itself as the leading economy in Africa, with its realistic budgeting, stable interest rate, low inflation levels and tempting exchange rate. As a result, canny investors and holiday makers, especially those from England and Ireland, were increasingly buying South African bricks and mortar, which, despite growing in value by 21,9 percent in 2005 and 32,2 percent in 2004, still offered good value for money compared with traditional tourist favourites such as Spain and France. For example, said Bester, a South African home that would cost a local resident R1 million would set a UK buyer back less than £100 000.

This trend was being underpinned by the rising number of South African expatriates who were buying property here while working abroad, he said further. "They intend returning home to live one day and are therefore aware of the need to get a foot in the property market as soon as possible, considering that values are on track to grow at between 10 and 15 percent during the course of this year."

Apart from its advantageous exchange rate and the fact that English was its official language, the country offered a host of other attractions within its nine provinces, said Pat Acutt, chairman of the national Acutts Property Group. While foreign buying had been most prevalent in the Western Cape in the past, he said, the trend had found its way to many other areas including Limpopo and KwaZulu-Natal, which boasted pristine beaches on its northern coastline and a traditional family holiday atmosphere along its south coast.

Foreign visitors are also being drawn inland to wildlife and bushveld havens such as Marloth Park in the Northern Province, a secure housing estate bordering the Kruger National Park, where wild animals roamed freely through residents' unfenced gardens, he said. Even Gauteng, the country's economic powerhouse, was attracting foreign interest on the back of its dynamic real estate market which continued to offer optimum returns on investment. According to Acutt, it was relatively easy for foreigners to find the right property and obtain financing since the country's buying mechanisms were not overly stringent. "We welcome foreign investment and have rewarded it with excellent returns over the last five years," he said.

UK resident Vic Bream, who has owned a holiday home in Majorca in Spain for the last 24 years, concurred. "My wife and I bought our first South African property, namely an apartment in Parklands in the Western Cape, in mid-2004. It was a lengthy process that took seven months to complete, largely because we had to go through the developer. Buying our house in Sunningdale in the Western Cape was a totally different experience, possibly because it was a second-hand property, so the ground work was already done. We signed the contract on 9 December 2005. By 11 February, the property was registered in our name and we moved in two days later."

Citing his reasons for buying property in South Africa, Bream said he was initially tempted by the profit he could make. "Our apartment nearly doubled in value in 18 months and while I believe that the market is going to level out over the next two to three years, South African property is likely to remain a good investment for the future."

It's the experience of Lorna Worth of Blouberg Homes in the Western Cape that overseas buyers in her area, which spans Table View, Parklands, Bloubergstrand and West Beach, usually wanted to be as close to the beachfront as possible. Currently the trend was for them to invest in low-maintenance, lock-up-and-go apartments in security complexes which they could rent out in their absence, she said. "This genre of buyers sets their sights on an investment return of 4 percent per annum on a rental income. This excludes the average realistic anticipated growth of a property's value of around 15 percent," she said.

Prices for properties on her beat started at around R420 000 for a small bachelor flat, moving up to approximately R4 million for a luxury four bedroom apartment on the beachfront, and R5,4 million for a sea-facing house in popular Melkbosstrand, she said.