

Foreigners Hungry for South African Properties

Interest is specifically for properties between R3m to R12m.

Despite the precariousness of the world's economy, there is still a lot of foreign interest in South African properties, with investors from the United Kingdom, Germany, Australia and even the USA eyeing property here.

A recent analysis of traffic on the Sotheby's International Realty shows that the number of international visits to the website is on the up. The French seem to be the most interested in property in South Africa, with the number of French visitors to the site up by 62%. The number of website visits from people in Australia, Canada and the UK is also up by 52%, 32% and 23% respectively. Visits by Germans have increased by 14% and American visitors have also increased by 10%.

Properties in the bracket of between R3m to R12m get the most hits from international visitors showing that it's mainly up-market holiday homes that foreigners are after. There is also growing interest in smaller, lock-up-and-go properties in metropolitan areas suggesting that corporate travellers want a little place to call home when they are in the country on business rather than staying in a hotel.

There has always been significant interest in South African property from Europeans, particularly people from the United Kingdom. Generally, they buy properties here for holiday purposes or as retirement homes.

Interest is now more widespread, with people from all over the world looking into buying property here. Where it was once primarily luxury holiday homes in coastal regions that were being snapped up by foreigners, we are seeing an increase in the number of smaller properties in the metro areas of Johannesburg and Cape Town being sold to international investors.

While foreign interest in South African property is growing, overseas buyers are more cautious about actually taking the plunge.

While it is only the wealthy who are able to afford to buy homes overseas, they are not entirely untouched by economic factors so they aren't as ready to jump into actually buying property as they perhaps were two years ago. The strengthening of the rand means that the foreigners' purchasing power isn't quite what it was either.

As a result, foreign buyers are more price-sensitive and are looking for value for money. As with local investors, they are also weighing up their options more carefully, taking into account other factors such as security. The home has got to meet their criteria, including price, in order for them to make a commitment.

Generally speaking there is an oversupply of housing stock across most price categories so it is essentially a buyers' market. Sellers must be realistic about the asking price on their properties if they want to ensure a sale. They must present a fair deal.