

Africans continue to show appetite for Gauteng properties



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Investors from other African countries continue to show a strong appetite for residential property in South Africa, particularly in Gauteng province.

They are from across the continent with most frequent investors originating from Nigeria, Angola, Ghana, Uganda, Gabon, Kenya, Zimbabwe, Congo and Mozambique.

So says [Pam Golding Properties](#) chief executive, Dr Andrew Golding who notes that foreign investment in residential property in South Africa continues to be encouraged by the perceived weakness in the currency which ensures that foreign buyers, and buyers from the African continent in particular, are able to achieve excellent value for money in South Africa.

“From a Gauteng perspective, Pam Golding Properties continues to conclude transactions to foreign investors, particularly in the greater Johannesburg and [Pretoria](#) regions. African buyers in particular continue to show an appetite for local residential property and are making up an increasing proportion of the foreign buyers in South Africa.”

New World Wealth indicates a continuous rise in the proportion of African buyers who made up 24 percent of all foreign investors in the local residential property in 2015, as opposed to just seven percent in 2007.

Dr Golding asserts that this direct investment from foreign buyers has a positive knock-on effect not only on the property markets in South Africa, but on the wider economy and it should therefore be encouraged.

“At approximately three percent of residential property ownership, foreign investors still make up a small percentage of the property market in South Africa. However, they represent an important market and, as they seek to grow their businesses in the country, they significantly contribute to stimulating the local economy.”

“Africa has had the greatest relative growth in the number of millionaires in the world, and many are growing their real estate portfolio properties. However, not all of investors from the continent are the ultra wealthy and many have been able to take advantage of good exchange rates to secure property at reasonable prices.”

“African investors are purchasing property in SA for a variety of reasons. Some are seeking investment properties or personal residences, which provide access to an upmarket lifestyle. More traditionally, some high net worth individuals are purchasing luxury seaside residential properties or other ‘lifestyle properties’ that not only provide them with a holiday destination or a second or third home, but, given the weak rand, which represent an excellent means of diversifying their wealth portfolios and securing a sound long-term investment.”

“However, we note a strong trend in which businesspeople from the continent are seeking to secure local bases from which they are able to conduct their affairs. They spend a part of the year in this country and find it convenient and practical from a financial point of view to purchase a home. To this end, they are snapping up properties in [Pretoria East](#), [Sandton](#), [Houghton](#), [Hyde Park](#), [Sandhurst](#), and [Dainfern](#) Estate, to name just a few particularly popular areas in Gauteng.”

Rupert Finnemore, who heads up Pam Golding Properties in the Gauteng region, affirms this, adding that buyers from around the continent are purchasing a range of different types of properties within the Gauteng region. He says that the bulk of these sales were second homes with prices ranging mostly between R5 million and R30 million.

“Not only are apartments popular in the Sandton city centre and within mixed-use developments such as [Melrose Arch](#), but so are luxury freehold homes in upmarket areas. Properties in estates and townhouse developments are also highly sought after. These investors generally prefer modern and contemporary homes that afford an exclusive lifestyle”

“Increasing numbers of African investors are also purchasing properties in the [Fourways](#) region, the so-called ‘New North’. The area has always been popular among foreign buyers who show a strong preference for homes in upmarket golf and security estates, such as Dainfern, Fourways Gardens and also Steyn City. These offer convenience, a strong sense of community and a secure lifestyle.”

Dainfern Golf Estate, which has the largest expatriate community in an estate in the Southern Hemisphere, offers an interesting case study with regard to foreign and African property purchases. Close on a half of the sales in the estate made in 2015, were to foreign buyers and nearly half of these were from the continent. Most buyers were from Zimbabwe, Zambia and the Democratic Republic of Congo.

“One of these African buyers purchased what was their third home in South Africa, they already owned one in Dainfern and one in Hurlingham. Another was purchasing their third home in Dainfern,” notes Finnemore.

“We have noted that some African buyers are purchasing properties in South Africa as investments, and entering the buy-to-rent market. They are able to purchase property at reasonable prices and find that they are able to secure good rental returns.”

“It is unlikely that these investors will lose their appetite for local residential property any time soon. However, it is important that we as a country encourage and facilitate this form of investment, as it brings numerous benefits,” concludes Finnemore.