

# Foreign investment in SA property ever increasing

According to Anne Porter, chairman of Knight Frank Residential South Africa, almost 10-million foreign tourists visit South Africa annually, and many end up investing in our economy by buying property.



Anne Porter, chairman of Knight Frank Residential South Africa

International investment in South African property is popular and ever increasing due to various factors, as explained by Porter: “Not only is the rand weaker than other global currencies, making property inexpensive, but a 2016 report by GoBankingRates has named South Africa as the cheapest country in the world in which to live and retire. This is due to a significantly high purchasing power and low prices on consumer goods and services.”

## Local property law

Porter further notes that purchasing property in South Africa is attractive for international investors because local property law provides flexibility as to ownership and offers the security of one of the best land registration systems in the world. Foreign buyers are further aided by the fact that there is no VAT payable on property purchases in South Africa and there is no stamp duty on property purchases.

While a number of international investors purchase properties to serve as holiday homes, they can also rent these out when unoccupied. This availability of prime real estate to rent, coupled with a series of interest rate hikes and escalating inflation, has caused an increase in the number of South Africans choosing to rent rather than buy property. The consequence being that “the buy-to-let market is becoming an increasingly popular property investment option”, explains Porter.

With prices continually increasing, especially in the sought-after coastal regions, and a relatively stable property market driving the long-term growth of property values, South Africa is described by Porter as “an excellent investment opportunity”. She concludes that “the market for 2016 will continue to be stable and underpin the long-term growth expected – making it ideal for international investors”.

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