

# A foreign investor's guide to the South African property market

 By [Adrian Goslett](#)

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With reports of foreign memos of warning being issued to our presidency to act against corruption and ongoing concerns around the solvency of our national power station, investing in South African real estate might not be high up on foreign investors' to-do lists right now. However, considering the political turmoil that is running rampant across the globe, South Africa does still hold some of the more promising growth potential for foreign investors.



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According to Lightstone Property, our national house price inflation index was at 3.0% as at the end of December 2018. This is lower than the 4.5% inflation rate reported by Stats SA as at December 2018. This translates into a house price decline when considering local spending power. However, as a foreign investor, this translates into an opportunity to purchase real estate at much more affordable rates.

Given the sentiment of our current market, this gap to purchase at affordable rates is closing fast. Most other industry experts share this opinion that the real estate market will take a positive turn post-election, correcting the house price curve and yielding growth for all who were wise enough to invest now. In fact, after reviewing data from our national deed's office, Lightstone Property predicts that house price growth has the potential to climb to 4.5% and beyond by the end of the year.

## An uncomplicated process

What's more, real estate investment for foreigners is relatively uncomplicated in South Africa. According to bond originator BetterBond, tax on the profit of the sale of a property is calculated according to the local tax laws of the country to which a seller hopes to transfer the funds. When applying for funding through a local financial institution, foreigners will typically be granted up to half the purchase price. The rest of the funds must be sourced from income generated abroad.

According to BetterBond, to receive more than half the purchase price, a temporary residence permit with a remaining term of three years must be presented. Most financial institutions will also require that the buyer reduce the outstanding loan amount to less than half of the original amount before returning to their country of origin, and will only grant the loan if the buyer banks with the particular bank they are applying to while they are in the country.

In my opinion, there has not been a better time to invest in South Africa than right now. I would encourage all foreign investors to get in touch with both a global real estate brand and a bond originator in order to seriously evaluate the possibility of owning property on our shores.

## ABOUT ADRIAN GOSLETT

Adrian Goslett is CEO and regional director of RE/MAX Southern Africa. He joined RE/MAX Southern Africa in 2005 as a franchise development consultant, supporting various regions and offices. Throughout his career at RE/MAX he has held various positions. In 2010, after successfully leading 160 offices and over 1500 agents in six countries through the worst years real estate has ever seen in South Africa in 30 years, Goslett was appointed as CEO of RE/MAX Southern Africa.

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