

# Good tourism has a positive impact on the property market - here's how

Rich in natural heritage, dynamic cultures, and a very favourable currency, South Africa makes for a very attractive tourist destination. Not only great for visitors, it's also a great boost to our economy when foreigners choose to spend their pounds, dollars or euros upon our sunny shores.



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For some time now there has been a noteworthy focus, from both government and business, on growing the tourism industry in the country as it is the one area of the economy that allows for exponential growth and job creation.

What's more, the tourism sector also demonstrates remarkable resilience in tough economic times. In 2017 the tourism sector created close to 32,000 new jobs – in a year that the economy wasn't exactly booming.

Early reports and analysis suggest that 2018 was also a great year for tourism with tourist arrivals reaching a record high of 1,323,652 in October 2018. President Ramaphosa has also committed to relaxing visa and other such travel requirements in a bid to encourage more business and leisure tourism.

## Three ways tourism benefits property

A thriving tourism sector also has both a direct and indirect positive effect on the property industry. "There are three main ways in which tourism benefits property," says Bruce Swain, CEO of Leapfrog Property Group.

Firstly, as the number of job opportunities increase so the number of people who are able to buy or rent properties rise. “Employment levels have a direct impact on the strength and buoyancy of the property market, and there is potential for this growth to go further as tenants become property owners who become property investors,” Swain explains.

Swain continues: “The second thing, perhaps the most obvious, that happens when tourist numbers increase is that the demand for short-term rentals increase, which is often coupled with more appealing returns for property owners and investors.” As such, it becomes viable – and profitable – to rent out second properties. “What we also see a lot of is tourists, particularly from the UK and Europe, who become keen property buyers and investors, which is of course wonderful for the local property market,” Swain elaborates.

## **Improvement of facilities and infrastructure**

An indirect but equally significant effect that a healthy tourist market has on the economy is that it leads to the improvement of facilities and infrastructure in areas particularly favoured by tourists. “Upgrades and enhancements are always more likely to be done in places where there is a lot of money, which tourist hotspots are,” Swain says.

The best part is that improvements in infrastructure doesn’t just benefit tourists visiting the area but everybody in that community, which also works to boost the value of properties in the area.

Tourism is one of the fastest growing sectors in the country and the property industry are happy to reap the benefits and work at making South Africa an ever-more appealing destination.

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