

The allure of the Western Cape in the rise of multi-continental property portfolios

In a world where high-net-worth individuals seek not only luxury but also strategic investment opportunities, these buyers are embracing a new trend - the acquisition of homes on multiple continents to diversify their property assets across the globe in an effort to offset volatility in traditionally stable markets.



Source: Supplied.

According to the latest Lightstone report, foreign appetite for South African residential property is on the increase with investor numbers steadily rising since 2019, and, while Gauteng boasts the highest number of foreign buyers, the Western Cape enjoys the lion's share of big-ticket sales.

And this accelerating trend, which has seen 64% of luxury foreign sales this year being in the Western Cape, is corroborated by Cape Town property professionals, especially in the most sought-after areas where there has been a notable spike in sales to foreign investors since the end of the pandemic.

Joanna Thomas, Constantia area specialist and Stephan Thomas, Constantiaberg secure estate specialist for Lew Geffen Sotheby's International Realty, both report a sharp increase in foreign buyer interest with a number of high-ticket sales concluded during the past year.

“There has been a lot more interest from UK and European buyers, mainly high-net-worth and ultra high-net-worth (HNW)

individuals, and the R20m plus price band has been very active, with a few sales exceeding R40m.”

Historically, high-net-worth individuals, particularly those from Europe, favoured investing in luxury properties within their own continent and renowned cities like London, Paris, and Monaco have held a timeless appeal.

However, recent geopolitical uncertainties, economic fluctuations, and shifts in global dynamics have compelled investors to rethink their real estate portfolios.

“Traditionally perceived as a safe haven for real estate investments, Europe has recently faced challenges that have prompted high-end investors to reconsider their options with factors such as economic instability, changing regulatory landscapes, and the impact of events like Brexit contributing to a shift in perception,” says Stephan.

“Multi-continental property portfolios offer a hedge against economic uncertainties in any single region and provide an opportunity to capitalise on the unique advantages and growth potential of different markets.”

Changing trends in foreign buyer behaviour

According to Joanna, most foreign buyers in previous years were ‘swallows’ who spent the summer in Cape Town to escape the European winter but there has been a notable shift in the past two years.

“In addition to the traditional swallows, we are now also seeing an increase in the purchase of second and even third holiday homes which are occupied for much shorter periods of time – and these are often much higher value properties.

“Over and above our individual sales, a co-ordinated effort between the secure estates and Upper Constantia along with our colleagues on the Atlantic seaboard, recently achieved four sales totalling around R204m.

“All four of these sales were to HNW foreign buyers who paid in cash with one being a resident in South Africa while the other three properties were bought as holiday homes.”



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She adds that this is not only indicative of shifting trends but also highlights the importance of appointing an agency with a strong network.

“What intrigues me at the moment,” says Stephan, “is the apparent turnaround in foreign investor sentiment, from overly cautious to a lack of concern regarding the challenges facing South Africa.

“In years gone by, it only took a water shortage or a bit of civil unrest to have international investors running for the hills, but these days, when you ask real, live active buyers what their concerns are, or what their risk aversions are, they have very few.

“The current view, especially of HNW buyers, is that the Cape Town property market remains extremely attractive, relatively cheap by international standards and there is little concern in terms of currency stability, civil unrest, service delivery, or political stability and they are happy to spend up to R25m or even beyond.”

Joanna agrees and says that she has been seeing many more HNW buyers prepared to take what they consider to be a calculated risk.

“We often hear these buyers say that they are investing in a lifestyle and, in a post-pandemic world, are looking to live more in the moment. And, with the traditionally ‘safer’ global investment options not being as stable anymore, Cape Town is therefore considered a top destination for diversifying.”

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