

Local tourism gives holiday home sales boost

According to Rawson Property Group MD Tony Clarke, the steep decline in the rand exchange rate over the past year has given a boost to SA tourism and the leisure property market.



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"The low value of the rand against major currencies like dollars, pounds and euros discourages South Africans from travelling abroad, and encourages them to 'rediscover' all their favourite local holiday destinations," says Clarke, "and that has certainly been evident this festive season."

Fully-booked for the school holidays

"The beaches were well frequented this December all around our coastline, from Lambert's Bay on the Cape West Coast right around to Zinkwazi on the KwaZulu-Natal North Coast, and hotels, guesthouses, restaurants and other tourism-related businesses all felt the benefits as thousands of upcountry visitors enjoyed holiday hotspots like Camps Bay, Hermanus, Mossel Bay, Knysna, Plettenberg Bay, Margate, Scottburgh and Umhlanga, as well as many less well-known towns and villages."

"The Rawson franchisees who manage holiday homes to let also report that most were fully-booked for the school holidays, which is of course good news for the investors that own them." What is more, he says, the group's offices in the coastal regions have experienced much higher levels of interest in both family holiday homes and leisure property investments this year than in the previous two summer holiday seasons. Actual sales volumes are also up significantly, and many of those who viewed properties during the season are expected to return as buyers over the next few months."

"We have seen this before, when there is increased interest in property investment but prospective buyers don't feel they can afford to invest overseas, or are uncertain about doing so. They will decide to buy locally instead, starting with a property in a favourite leisure location that they plan to use for their own holidays, let the rest of the time and eventually retire to."

Buying second homes

And at the moment, Clarke says, this trend seems to be gaining strength from two other factors, the first being that an increasing number of people are choosing compact homes close to urban centres as their primary residences, and also

buying second homes in the countryside or at the coast as leisure-time retreats.

"This has become particularly evident again over the past couple of years from the increasing property sales in small towns and villages within easy reach of the major metros, such as those in the Cape Overberg region and those in the KZN Midlands, as well as better-known destinations such as Clarens and Dullstroom, and now it is spreading to smaller coastal towns which still offer great property value."

Secondly, he says, local investors are catching on to the fact that SA leisure properties - on the beach, in the bush and in the mountains - are rapidly gaining renown among the world's wealthiest and most-discerning buyers.

"SA's climate, lifestyle and tourism infrastructure are attracting increasing numbers of savvy property investors from Africa, Asia, Europe, and the US," he says, "and this is encouraging local investors to take a second look at what is on offer here before deciding to go offshore. And what they are finding is that, quite apart from the weakness of the rand, SA leisure and resort properties offer extremely good value compared to similar properties in other parts of the world."

Well-above the inflation rate

In short, Clarke says, it is not really surprising that property prices in the most popular coastal and country areas have shown good growth in the past year, albeit off a low base induced by the market collapse of 2008/2009.

"According to the latest available statistics from First National Bank, for example, house price growth in SA's major coastal regions was well-above the inflation rate in the year to end-October, reaching 7,5% in the Eastern Cape, 7,4% in KZN and 7% in the Western Cape.

"More specifically, the latest Absa Housing Review shows that prices on the KZN South Coast, which was arguably the leisure property market worst-hit by the recession, showed year-on-year growth of almost 31% in the year to end-September."

However, he says, people investing in a holiday property should never rush into the purchase, as there are many financial and other factors to be considered. "It is also really important to work with a specialist estate agent who is very experienced in this type of purchase and can help you find exactly what you are looking for. And if you are planning to let the property either long-term or to holidaymakers in season, you would be well-advised to appoint an agent to manage it for you."