

# Karoo farms attracted substantial interest in 2012

In reviewing 2012, Wayne Rubidge, manager for Pam Golding Properties in the Karoo, notes that Karoo farms attracted substantial interest from the full spectrum of South African farm buyers. While most commercial livestock and irrigation farms attract interest from South African buyers, foreign buyers focus mainly on game farms and smaller lifestyle or boutique Karoo farms.

"This sustained interest has seen farm prices move upwards in 2012, purely based on supply and demand. Although the Karoo and its adjacent areas comprise a vast region, the availability of certain types of farms is limited. For existing South African farmers looking to diversify - such as those in the Western Cape or those relocating from north to south, the Karoo is rapidly becoming the most popular choice."

For many executives and farmers who have relocated to the coastal areas of the Eastern and Western Cape, including the Garden Route, the Karoo is accessed in some areas by as little as a one-hour drive and a maximum of three hours in other areas.

"This central location of the Karoo will continue to hold appeal for farm investors. For those based further inland, the northern regions of the Karoo are accessible from major inland centres. The other dominant driver of interest among buyers is the nature of Karoo farming itself, as the Karoo offers arguably the most uncomplicated type of farming. Besides its accessible location, the extensive nature of Karoo farms, coupled with low input and labour costs and a healthy environment, make it unique in the South African farming landscape."

## Farming lifestyle attracts buyers

This appealing Karoo farming lifestyle is one of the main draw cards and buyers are often prepared to pay a premium for the right farm when they find it. With the wide range of rainfall the Karoo receives - which in some areas is as little as 100mm per annum and in the mountainous regions of the Eastern Cape rainfall of up to 1000mm is often recorded, investors have a choice of type of Karoo farm.

"In the drier areas, a sustainable Karoo livestock farm can be in excess of 10 000 hectares in size. This in itself offers huge appeal to investors as an investment into uncomplicated space has its own attractions and will show sound capital returns in time.

"As most Karoo properties have a lifestyle component to them, this trend is likely to become even more evident in the future as urban pressures increase and investors have to look further afield for quality space. Due to the expansive nature of Karoo farms small portions of land or lifestyle farms are relatively scarce in the under R3 million category. However, upwards of this price some attractive farms can still be acquired.

Dry land agricultural farming takes place mostly in the Western Cape rainfall areas (such as Swellendam), where winter cereals such as wheat are planted and are rain-dependent with no irrigation. Currently commercial farmers are looking for productive farming units that can carry in excess of 1500 ewes.

## **Game farms still popular**

"The remaining two categories of farms found in the Karoo are the ever-popular game and hunting farms and the commercial irrigation farms that are found on the irrigations schemes of the Karoo. These include irrigations schemes such as the Fish River in the Eastern Cape, the Orange River in the Northern Cape and schemes such as the Gamka scheme in the Western Cape. As water is a scarce commodity in South Africa, the price of scheduled irrigation has risen dramatically over the last five years and recent sales are in excess of R120 000 per hectare. Karoo game farms are also seeing an increase in demand and many rare game breeders have relocated their rare game herds to suitable farms in the Karoo. This is due to the healthy nature of Karoo farms and the low risk associated with farms in the region," he concludes.

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