

Tourism in Western Cape stimulates property market - Leapfrog

According to the Industrial Development Corporation's Integrated Annual Report for 2012, tourism makes up 8.6% of South Africa's GDP and employs an estimated 1.2 million people. For a country that relies as heavily on tourism as South Africa this is very good news and, like the Soccer World Cup in 2010 and the Design Capital of the Year in 2014, will hopefully encourage more people to visit the country.



All of which is good for the local economy and, in turn, for the property market. South Africa is home to not only some of the most striking scenery in the world, but also to fantastic properties situated in these areas. The main benefit to the Western Cape is the direct boost to the local economy that tourism brings about, which in turn filters down to buyers, improving their purchasing power. Cape Town also has one of the highest in-migration figures in the country with people relocating to the area from various parts of the country.

Healthy buying activity

Leapfrog Property Group has experienced healthy buying activity in Milnerton, Edgemoor and Gordon's Bay. Gordon's Bay's performance in particular is good news as the district is generally seen as a holiday destination and relies heavily on buyers seeking to purchase vacation homes. These areas have been the hardest hit during the current economic downturn.

"We're finding that properties in the R650 000 and R950 000 price bracket are selling the best at the moment. There has also been a surge for low priced vacant stands at R160 000 even though the financial institutions are only prepared to grant bonds of 60% for vacant stands," says Kevin Wearing, principal of Leapfrog Gordon's Bay.

He also indicates that the biggest recent change in the market has been that over 60% of buyers are now coming from towns in the Boland/Helderberg area. Only around 30% still come from Gauteng and the Limpopo Province.

Centrally located

Properties are also selling well in Edgemoor which caters for a variety of buyers with property prices ranging from R400 000 up to R3 million. Pieter Fourie, principal of Leapfrog Edgemoor, believes that many people prefer to purchase in the area as it is so centrally located and has good services available.

Milnerton is becoming increasingly popular due to its atmosphere, access to water sports and nature reserves and its range of properties. Freehold property prices average at R1.7 million and sectional titles at R667 000 which are far more reasonable than asking prices in Cape Town itself.

Whilst the property market in and around Cape Town is also under pressure due to the current economic climate, people are still relocating here and tourism continues. As such there are still zones with high buying activity which only stands to increase as matters correct themselves in future.

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