

Knight Frank wealth report indicates Africa's growth potential

Knight Frank's latest Wealth Report Attitudes Survey indicates a slight decrease in Africa's growth potential in wealth from 89% last year to an estimated 82% for 2015, but still the continent is third on the list, with North America first and Latin America at 85%...



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Of those asked whether any of their clients were interested in ski, vineyard or equestrian property, Asian Ultra High Net Worth Individual (UHNWI) interest in vineyards is high, with 40% from China, 43% from Taiwan and 31% from Malaysia. There is interest in equestrian property, with 29% from Africa and 40% from the UAE. Another interesting point is that there are no Africans interested in ski property, the interest seeming to come from Europeans (35%) and 50% from the USA.

Lanice Steward, MD of Knight Frank Residential SA, says the survey goes on to say: "Control of their property investments is clearly important to the wealthy - almost 80% of respondents said UHNWIs prefer to invest directly into property, with only 12% choosing to use a fund vehicle.

"Bricks and mortar retain their appeal for the latest generation of UHNWIs, with 45% of respondents saying their younger clients were more interested in property than their parents."

"Analysing a report such as the Attitude Survey shows us where people are looking most for property and what they're looking for, and what sort of market the UHNWI is buying and selling in," she said.

The Ivory Coast has the highest forecasted growth (at 119%) in UHNWIs in Africa, with Nigeria a close second with 90%, according to the report. Deon de Klerk, Head of Wealth and Investment at Standard Bank, says that Africa has the highest growth potential in the world at the moment. "

He goes on to say that while Africa's population counts for 15%, but delivers only 4% of the world's global output, it offers great opportunities over the medium and long term.

How does this all affect South Africa?

Out of the top 40 cities in the world, which it is believed UNHWIs will be now be focusing on as investment areas and matter most to the world's wealthy, Johannesburg is listed as 28th and Cape Town 36th. This survey takes into account what that city has to offer and why it is in high demand.

The Prime International Residential Index (which takes into account the performance of property as an asset class) lists Cape Town as 8th in the world rankings (with a 13.2% annual growth) and Johannesburg in 19th position, (with 8,7% annual change). These are the only two cities in Africa to feature in the top 100, which is a very healthy indication of the property sector in South Africa, said Steward. As a comparison, London is listed in 32nd position with 5,1% growth and Buenos Aires as 99th with a -15% change.

In comparing property prices, the survey shows that \$1 million will get you 17m² in Monaco and 204m² in Cape Town, which does make this area attractive to foreigners but, says Steward, the majority of the market here is still local.

The last interesting factor is what is happening in the commercial sector, says Steward, where Tony Galetti of Galetti Knight Frank reports that several wine farms have been bought as trophy purchases in the Western Cape by Chinese investors and that they are also investing heavily in industrial property.

The report reinforces what local property data services such as PropStats are indicating, that property prices are growing steadily, and that certain areas in South Africa will continue to be good property investment prospects, said Steward.

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