

Guesthouse Market Heats Up

South Africa continues to attract international investors seeking to relocate and invest in lucrative guesthouse opportunities, reports Peter Bruil and Leonard Brewer, directors of Pam Golding Lodges and Guesthouses (PGLAG) — a division of Golding Hotel Investment Consultants.

"In the Western Cape during the current month of March (2007) alone, we are in the final stages of concluding transactions for the sale of lodges and guesthouses at a total value of R47-million, while in Gauteng, through our a further R30-million's worth of deals are currently being signed," says Bruil.

Relocating the European market

"Buyers are a mix of Dutch, UK, German, Kenyan, Cameroonian and Spanish investors, plus most recently, purchasers from the Czech Republic.

These are well-established people, already successful in their careers, who see South Africa as their new home and want to have their own business here. Some are already living here.

"In concluding these transactions we are successfully competing with other prime global destinations such as the Bahamas, Costa Rica and Malta — locations where the climate is warm. In terms of the lodge and guesthouse market in Italy and France, these have just become too expensive," says Bruil.

Investment hotspots?

"In this sector of the market, the Western Cape winelands remains a major drawcard — given the high lifestyle appeal, beautiful scenery and surrounds, coupled with the sound property investment and business opportunities on offer," adds Brewer.

"In Gauteng, where the market is more business or corporate oriented, with more South African investors, we are catering more in terms of conference venues, corporate accommodation, and also resorts, while in Nelspruit in Mpumalanga, we cater primarily for the tourist market. Increasingly we are seeing more interest among BEE investors, particularly in regard to establishments in Gauteng."

Typical buyers?

Included in the most recent transactions concluded by PGLAG is the sale of a five-star 12-room guesthouse in the winelands, just outside Stellenbosch — Wedgeview Country House & Spa for close to R15-million.

The new owners of this successful, going concern are Dutch buyers Dave and Anouk Bakker, together with co-investor Rob van Weelde. They have been regular visitors to South Africa over the years and also viewed other properties on offer in Cape winelands areas such as Franschhoek and Paarl.

"They are typical of the kind of European buyer attracted to South Africa in pursuit of a career and lifestyle change, firmly believing in the potential this country has to offer," notes Bruil.

"Having made South Africa their home, they also seek to add value and invest in the local community. Van Weelde is a patron of the Jacques Kallis Foundation which supports underprivileged young developing talent from previously disadvantaged backgrounds."