

International Residential Buying On The Rise

Readers of the latest annual review published by Anne Porter's UK based partners, Knight Frank, have been gratified to learn that year on year South African residential property has emerged as one of the top five performers in the 30 precincts surveyed by Knight Frank.

South African price increases were significantly bettered by those of only two countries, Bulgaria and Latvia, and were on a par with such top level performers as Belgium and Denmark, both of which saw value increases of around 20%. The Knight Frank review says that in under a decade investment in residential property beyond the borders of one's home country has caught on throughout the western world and, they add, this activity has changed from being the pursuit of a privileged minority to being a recognised investment channel for a far wider market.

What is more, Knight Frank predict that in the next decade improvements in the world's developing economies and an increase in global wealth will spur on the international second, third and even fourth home market to unprecedented levels.

"This market," says the review, "is in our view currently only in its embryonic stage and is proving particularly attractive to First World investors because it offers them a diversified portfolio in which losses in one area can very often be made up by gains in another."

Knight Frank comment that although increased mobility and a desire for secluded exclusive areas have boosted many hitherto almost unknown destinations, there has, too, been a marked drift back to the established markets – in particular "the classic sun belt locations" of Portugal, Spain and France. Here, Knight Frank say, the recent developments have been a huge improvement on anything previously seen.

Much of the improved accommodation in these areas, says the review, has been initiated by the world's leading hotel chains who have embarked on a campaign to promote widely the benefits of timeshare, fractional, collective and other types of shared property ownership. Many of these, KF add, have been structured to give a guaranteed return for the initial two to six years.

Lanice Steward, MD of Anne Porter Knight Frank, said that her client base already contains several South Africans looking for international property. Certain of these buyers, she said, are targeting other African countries such as Kenya, Uganda, Tanzania and Botswana where outdoor and game lodge developments are seen to offer huge growth potential. Others see luxury apartments in London, New York City and similar major cities as still the safest and most attractive investment.

"Both views, I believe, can be justified and are valid," said Steward. "The KF review makes it absolutely clear that international residential buying is on the increase, at a rate of almost 12% per annum.

"This, therefore, is a trend worth watching, today any home, including those in Cape Town, which has appeal for the international buyer, is likely to be a very sound investment prospect."