

Will Q4 be a turning point for Western Cape property?

By [Schalk van der Merwe](#)

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The Western Cape is renowned for its buoyant property market, which has made the recent months of relative price stagnation unusually worrying for residents accustomed to consistent growth. The effects of the economic, political and climatic pressures have been undeniable, but experts say all is not lost for investors hoping to turn a profit.



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The fourth quarter of this year could well be the turning point that kickstarts the Western Cape's property market back into high gear due to progress in three of the key areas responsible for the last year's local property contraction: the drought crisis, a decrease in semigration and an uncertain political standpoint.

A respite from the drought

The drought hit the Western Cape hard on a lot of fronts. Not only did we get significantly fewer local and international tourists, we also lost many of our upcountry buyers as semigration dried up right alongside our water. After some much-needed winter rainfall, however, our dams are now at around 75% capacity. That's going to do a huge amount to stimulate both tourism and semigration once again.

While tourism's effect on the property market may be indirect, its economic impact through job creation and the injection of foreign capital into the province plays a significant role in stimulating market activity. With a weak rand making international travel – and international property purchases – dramatically more affordable for visitors, we expect to see noticeable market improvements as tourist season gets underway.

Return of the semigrants

Semigration has a more direct impact on local property demand and has become a major driving force behind Western Cape property trends.

Recent years have seen up to 48% of the Western Cape buyer pool coming from out of town – a statistic that declined dramatically over the last year. Having pulled through our water crisis, however, I think we're going to head right back up to the top of the list of most desirable places to live in South Africa. Particularly if other provinces find themselves with similar drought crises and handle them less effectively than we did here.

The Ramaphosa Plan

No matter how desirable the Western Cape may be, fewer South Africans are willing to commit to long-term investments during a recession. President Ramaphosa's recently released economic stimulus plan will do much to renew investor confidence and help relieve current economic pressures.

Instead of overextending, President Ramaphosa's plan focuses on doing more with the resources we already have. It's about reprioritising spending and addressing outdated policies that constrain our economic growth. The emphasis on agriculture, mining and tourism is a very smart move, as is the acknowledgement of the importance of private sector investment. I think the plan has already set a lot of investors' minds at ease, and if we can get the implementation right, we'll be in a strong position to bounce back from our currently belaboured economic state.

As for its effect on the Western Cape property market, renewed investor confidence and a recovering economy should stimulate demand and increase consumer spending across the whole country.

People who have been holding off on long-term investments are hopefully feeling a little more confident about our country's future, and the likelihood of having more disposable income available. That should have a positive effect on all property markets across South Africa, but will be more pronounced in highly sought-after areas like the Western Cape.

ABOUT THE AUTHOR

Schalk van der Merwe, franchisee, Rawson Properties Helderberg Group

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