

Surge of returning expats boosts South African property market - defies Cape Town trend

Expats are returning to South Africa in droves and, contrary to popular opinion, they aren't all settling in the Western Cape.



Source: 123RF.

“A very large percentage are actually buying homes in Gauteng, and in the northern suburbs of Johannesburg in particular,” says Rory O’Hagan, principal of the Chas Everitt Hyde Park and Sandton office.

“We receive enquiries daily from South Africans of all ages who have been living and working abroad, sometimes for many years, but who are now returning to Johannesburg to take up new corporate jobs or to establish new businesses.

“Most are highly skilled individuals with years of experience, which is a benefit to SA, and their reasons for coming back range from being tired of unpleasant weather and worried about natural disasters, through missing family and friends, to fears about the fallout from the Ukraine and Middle East conflicts, the high and rising cost of living in Europe, the UK and the US, and the realisation that they can purchase a much better property in SA with their euros, pounds or dollars than they can in their adopted countries.”

At the same time, he says, the wave of semigration to the Western Cape from Gauteng and other inland provinces continues to be reversed as return-to-office mandates gain ground.

"Frankly, many top executives and professionals are now also weary of the costs and inconvenience of commuting weekly between work in Johannesburg and family in Cape Town, while others admit that they have not adapted well to the Cape's unpredictable weather and would prefer the Highveld's sunny winters."



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Georg Marnewick 13 Nov 2023



"What is more, there are definitely more economic opportunities in Gauteng. According to a recent study by StatsSA, the region continued to account for a third of SA's GDP between 2013 and 2022, despite all the semigration that took place in that period. In addition, the contribution of the Western Cape to the national GDP also remained relatively stable at around 14%, despite the influx of semigrants.

"In fact, at the end of 2022 the Western Cape's regional GDP was only the third biggest, at R210bn, compared to R250bn for KwaZulu-Natal and R448bn for Gauteng."

A prime choice for returning expats

Within Gauteng, O'Hagan says, the northern suburbs of Johannesburg are definitely the most sought-after locations among returning homebuyers, not only because of their proximity to Sandton and other commercial nodes, but also because of the exceptional property value currently on offer in these areas.

"The Cape Town and Johannesburg markets often find themselves at different stages of the property cycle, and while semigration has played a role in causing prices in Cape Town's most favoured areas to rocket over the past three years, those in Johannesburg have simultaneously moderated, with sellers in the luxury sector now often being willing after price counselling to accept 30% or even 40% less than when their properties were listed.

"Meanwhile, returning expats are really diving into the sub-luxury sector between R5m and R10m as they realise just how much house they can buy for their money in Johannesburg."

What is more, he notes, this market intelligence is no longer restricted to South Africans.

"It is being spread globally as both the public and private sectors work hard to expose affluent investors to the huge economic potential inherent in the African Continent Free Trade Agreement (AfCFTA), as well as SA's geographic position as a 'safe haven' away from the conflicts ravaging prospects and markets in Europe and the Middle East, and also away from an increasing number of natural disasters such as wildfires, floods, droughts, hurricanes, volcanic eruptions and massive snowstorms in previously favoured investment destinations."



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"These investors see and understand that SA has big problems too, including low growth, high unemployment and crime as well as damaged infrastructures, but their view is often that these are problems that can be addressed and solved – and that there is already evidence of this happening in many parts of the country."

Global allure and strategic partnerships

He notes that SA also continues to attract larger numbers of tourists every year, many of whom are so favourably

impressed that they decide to return permanently, as well as a growing number of retirees from more developed countries who literally cannot afford to live there and pay for healthcare on their pensions.

A recent study by retirement income specialist MGM Advantage showed, for example, that more than 6 million UK adults are actively planning to retire abroad. In addition, more than 5 million US adults have already retired to countries where their dollar goes further, and that number continues to rise every year.

“And then of course we are spreading the word about SA globally, through our membership of Leading Real Estate Companies of the World. This international network not only connects us directly to more than 550 leading brokerages and over 150,000 top property professionals in 70 other countries, but also enables us to showcase South African real estate to millions of potential buyers and investors across the world.

“It also gives us the opportunity to meet face-to-face at least twice a year with our international counterparts, and to share with them our in-depth knowledge of the local market and understanding of the value and lifestyle that SA real estate offers.

“This is increasingly exciting to both expats and new investors, especially when they understand that Sandton is actually the Manhattan of Africa, and foreign purchasing has played a big role in enabling our northern-suburbs operations to achieve more than R100m worth of sales every month this year.

“And we expect sales to such buyers – especially returning expats – to increase in 2024 and beyond, as SA continues to grow into its global economic potential.”

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