

# How tourism growth really benefits real estate

By [Rudi Botha](#)

28 Jun 2019

During the recent SONA, President Ramaphosa announced that further support would be given to the tourism sector to market SA and double the number of foreign tourists to 21 million a year by 2030 - a goal that could have major implications for property. A healthy tourism sector goes hand-in-hand with a healthy property market - and not for the reason that most people may think.



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It is always good to hear that foreigners who have been to SA on holiday or business have been so impressed that they have decided to buy a property here, or that a favourable rand exchange rate is bringing more overseas investors to internationally renowned holiday-home destinations like the Atlantic Seaboard, Cape Winelands and southern Cape 'Golf Coast'.

But the real value of tourism growth to the property sector is the opportunities it opens up for South Africans to create new businesses and jobs that result in increased local demand for both commercial and residential real estate.

And, fortunately, tourism is growing. The latest figures available from StatsSA show that there was a 1% increase in the number of foreign tourists arriving in SA during the first quarter of this year compared to the final quarter of 2018, and that SA is currently welcoming around 10.2 million foreign tourists a year, compared to around 7 million a year recorded in 2009.

## Domestic tourism

In addition, domestic tourists account for around 44 million overnight stays a year, and tourism as a sector is directly and indirectly responsible for around 9% of the country's GDP and employment for at least 1.5 million people.

Botha says that there are already many examples throughout SA of how new economic life can be breathed into small towns and even rural areas by entrepreneurs who see the potential in attracting an increasing number of tourists to enjoy local attractions, cultural traditions, artistic talents or wildlife, and then follow through by opening guesthouses, craft and curio shops, artisanal restaurants and specialist tour operations.

Rising tourism numbers over the past few years have also resulted in a steady increase in the income derived from tourist accommodation - from R19.8bn in 2014 to R24.8bn last year - and the latest StatsSA figures show a 5.5% year-on-year increase in April 2019.

What is more, the hotel industry has experienced a 2.6% increase in income over the past year while those providing accommodation in lodges, B&Bs, self-catering units and 'other' units, such as Airbnb rooms, have seen a 13.9% increase, and this has naturally prompted local investors to buy more properties specifically to accommodate holiday or business visitors on either a long-term or short-term basis.

All of this activity is helping to create additional permanent and sustainable jobs in tourism - and is thus also a positive indicator for home ownership in SA, which remains a major aspiration for those who are able to secure stable employment.

## ABOUT THE AUTHOR

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