

MANSION

FOREIGN CORRESPONDENT

Cape Town Is Escape Town

Foreign home buyers looking for holiday and retirement destinations are investing in properties in the South African city; seeking waterfront, wildlife and wine



BY REBECCA L. WEBER

FORMER WALL STREET trader Paul Newman had been searching for the right home for a long time. He finally found one in May—far from his bustling L.A. lifestyle and California beach house—in South Africa’s Cape Town.

The home is a \$1.2 million, five-bedroom furnished house in Camps Bay that features a sunken living room leading to a pool with a view of the ocean.

Mr. Newman found his way to Cape Town—a place he once visited as a tourist—in 2010, after he had grown tired of Los Angeles and wanted to leave behind his lifestyle and his home. “I felt an instant connection with South Africans,” says Mr. Newman, 48 years old, who now manages his own portfolio. “Everyone loves the American accent.”

After moving to Cape Town, he spent several years renting various houses and apartments along the city’s posh Atlantic Seaboard, throwing parties, visiting vineyards and feasting on new favorite foods like peri-peri spiced chicken livers.

“And then the rand got weaker, my landlord raised the rent, and it made more sense for me to buy a house,” he says. “I was pretty picky, looking for an entertainment house with a view of the mountains and the sun setting into the water. I might have looked at 50 or 60 houses. Maybe more.”

After splitting his time between Cape Town, Ibiza, New York and L.A., he is pondering a longer commitment to his new home.

Cape Town has long been a favorite for so-called swallows from countries such as the U.K. and Germany, who swap one summer for another without much regard for time zones. Mr. Newman is part of the latest group of buyers, who are from elsewhere in the world, including the rest of Africa, the Middle East, Russia, Asia and the Americas.

The city attracts nature-lovers and wine enthusiasts. “The restaurants at the wine farms are modern and of the quality of Napa Valley, for a third of the price,” says Mr. Newman.

Property purchases by foreign nationals represented 7.5% of the sales market in Cape Town in the first half of 2014, the highest of any city in the country, according to the First National Bank House Price Index. Along the beachfront cliffs of the Atlantic Seaboard, where Mr. Newman bought, foreign sales hit 17%, according to Institute of Estate Agents of South Africa.

In South Africa overall, the number of foreign buyers has doubled this year from last, says Lew Geffen, chairman of Lew Geffen Sotheby’s in South Africa.

Cape Town tourism has boomed since the end of apartheid in 1994, when relatively few foreigners visited. Today, Cape Town is one of the continent’s gateway cities. The 2010 FIFA World Cup is credited with giving the city a boost to interest.

Many agents cite the weak rand as a major driver to current demand. “Foreign buyers get value for their money, and that’s really what it’s about,” says Annette Evens of the institute. “We don’t have a lot on the market.”

She says the average price for an apartment-style home in the Atlantic Seaboard area is \$286 a square foot.

The First National Bank House Price Index showed that prices nationwide in mid-2014 fell 19.4% in June in dollar terms, compared with the end of 2010. Other currencies show even more value: 21.7% in euro terms and 25.6 % in pounds sterling.

“Cape Town is more a playground for the foreign wealthy—holiday or retirement,” says John Loos, an economist at FNB. By contrast, he adds, Johannesburg, the economic hub, draws foreigners who are buying for work



NEW DEAL Former trader Paul Newman, far left, swapped his L.A. lifestyle for Cape Town living. He bought a five-bedroom furnished home along the Atlantic Seaboard, above, top and left. He says he wanted ‘an entertainment house with a view.’



REBUILDING Craig and Colleen Sutherland, after failing to find a new house, tore down and rebuilt their family home, above, right and below, adding more space and opening up the layout to dramatic views. The home is just below Table Mountain National Park.



reasons, attracting more house hunters from the rest of Africa than Cape Town does. He says Johannesburg also is a popular shopping destination for the African elite.

Mr. Loos adds that for high-net-worth buyers, the global valuation of real estate is more significant than currency fluctuation. In the most desirable areas of the city, construction cranes have become ubiquitous signs of new ventures for locals as well as foreigners.

Craig and Colleen Sutherland, both 48 years old, grew up in the area and now live in Higgovale, a small, family-oriented area that is as far up Table Mountain as one is allowed to build before the nature reserve begins. After an unsuccessful real-estate search in the area, they decided to demolish their existing house that they bought and renovated a decade ago.

“The alteration that we did [originally] was to suit babies,” says Mr. Sutherland. “Now our son is 6-foot-3.”

Cape Town architect Stefan Antoni of Saota reimagined the Sutherland home—taking it from what he described as a disjointed, Tuscan-inspired house of 5,381 square feet to a 7,706-square-foot, five-bedroom house that is modern, open and textured. “People want a place that when there are two of you, it feels fairly intimate, and yet you can have 200 people and it doesn’t feel squashed,” he says.

The Sutherlands declined to disclose the cost of construction of their home. Five-bedroom homes in the area are currently listed between \$1 million to \$2.5 million.

Homeowners appear willing to invest in the country, despite some daunting statistics, such as economic growth be-

low 2% and more than 25% unemployment. In Cape Town, crime and security are as common a topic at cocktail parties as is the weather. The Sutherlands use apps to give them remote access to the house when they are away.

Farther south along Table Mountain national park from the Sutherlands, James Wilson, CEO of Amdec, a property-development company, has been an enthusiastic buyer in the Steenberg Golf Estate, a gated community in the southern suburb of Tokai.

He and his wife bought one of the original plots in 2002 and built a five-bedroom, single-story house. He said 1/5-acre plots at the time cost between 300,000 and 600,000 rand, or \$28,220 and \$56,440, and construction typically totaled 2.5 million to three million rand, or \$235,170 to \$282,204 at today’s rates.

The complex has 225 homes surrounded by an electric fence 18 feet high and elevated cameras about every 50 yards. Streets with names like Swallow Close and Sugarbird Lane wind around 18 holes, from which can be seen agapanthus flowers, guinea fowl and ibises. Homes on the market now have asking prices of up to \$3 million.

After he moved in, Mr. Wilson’s parents also bought a house in the development. Now, Mr. Wilson has decided to buy two more Steenberg houses for \$1.3 million and \$1.6 million as investments. After renovations, he hopes to rent them for \$7,500 a month.

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