



The challenges of Real Estate Tourism (RET) in South Africa

A.C. Nicolaides
Helderkruin Happy Homes
Roodepoort, South Africa
pythagoras13@hotmail.com

A.Nicolaides
Graduate School of Business Leadership
University of South Africa

Corresponding author*

Abstract

This article discusses the notion of Real Estate Tourism (RET). Traditional tourists tend to visit places in South Africa, such as Cape Town, and they are very often captivated by the beauty and lifestyle of the areas they visit. This prompts them to purchase 'second homes' at extremely reasonable prices when compared to properties in their place of origin. Considering the poor state of the local currency at prevailing exchange rates, many purchases are absolute bargains. While there are associations between real estate tourism and tourism *per se*, the behaviour of the sector relates further to the real estate industry. The basis of Real Estate Tourism (RET) does not reside in the promotion of tourism in any location, but rather to the purchase of land or a home at an affordable price in what is generally an emerging real estate market which has favourable conditions such as cheaper homes and land, based on stronger foreign currency. Purchasing is thus to either buy or construct a home to live in immediately as a retiree or to live in later or even to sell it at the highest profit margin. The fast increase in travel and tourism has been a fundamental aspect of globalization, and this has invariably played an important role in increasing real estate sales by foreigners globally. Tourists are often keen to invest in foreign destinations with important challenges and impacts resulting, not least of which is the escalation in real estate prices placing properties well out of range for local buyers.

Keywords: Tourism industry, sustainable development, South Africa, real estate tourism, real estate.

Introduction

Tourism is frequently described as a stand-alone industry and it fails to show up as a single industry or even as a sector. In reality, tourism occupies segment of more than half a dozen other industrial sectors. The World Trade Organization (UNWTO, 2017) defines tourism as "the activities of persons traveling to and staying in places outside their usual environment for not more than one consecutive year for leisure, business and other purposes not related to the exercise of an activity remunerated from within the place visited." The definition spotlights travel as a core feature of tourism thus when people travel to view land for acquisition it resides under the banner of tourism. In the age of the Fourth Industrial Revolution, the global tourism industry is increasingly becoming a radically different business environment compared to what it was a century ago (Bardhan & Kroll, 2007). A myriad of technological advances and growing innovations have made it increasingly fall within the ambit of real estate operations. Foreign tourists visiting these shores are now at least in part, likely to show interest in the possibility of purchasing real estate in South Africa at bargain prices, especially those emanating from the Eurozone countries or the United States of America and for that matter, other countries whose currencies are far stronger in real terms than the South African Rand. The impactful explosion of real



estate purchasing globally should not be underestimated (Matteucci, 2011). The resultant surge in the level of such tourists arriving on these shores, has led us to coin the phrase Real Estate Tourism (RET).

The size and scale of the real estate market in South Africa, make it an attractive and lucrative market for many foreign investors. These investors can invest directly in actual real estate or select to invest indirectly through managed funds. When they invest directly in real estate they purchase a residential or commercial property to use as an income-producing property or for resale at a future time that is suitable to them. Many foreigners, especially from the US but also from Europe and the rest of Africa, and usually families or retirees, want to relocate to what is perceived to a safer place or a more climate friendly place a warmer place or in most cases, want to have a second home for summer holidays. There are also millennial yuppies who desire a second home on or near a beach or game reserve. There are likewise international property developers on the lookout for new areas in which to build, for example, sectional title complexes or shopping centres. There are also those foreigners who purchase real estate to launder money with the intention of selling it on for profit, usually without making any improvements of consequence. Irrespective of motives, driven by the desire to have a stake of some sort in another country, and given that RETs have greater mobility than ever before, they now spend at least some of their holiday leisure time scrutinizing possible real estate acquisition/s (Aledo, 2008). There are of course those who maintain that RET is at variance with the notion of sustainable development. This is based on the idea that the residential tourism business is a profit-driven venture that moves from one area to another seeking out what are considered to be prime locations to promote real estate investment by foreigners with strong currencies at their disposal and rural spaces are often rapidly urbanized by tourists seeking a second residence abroad (Contreras, 2010).

Foreign tourists' who happen to be real estate investors, invest money in properties in South Africa for a number of reasons. In the first instance, many are enthralled by the beauty and wonder of the country as well as its warm climate and relatively cheap cost of living (Hall & Müller, 2004). This motivates them to purchase property for possible future use, generally on retirement. There are also those who invest their money in purchasing property with the sole intention of making a relatively good return on their investment (Hall & Müller, 2004). Many of them believe that their property will in due course demonstrate substantial capital increases. Some invest in residential or commercial property and seek to derive income from rent. Others purchase undeveloped land in the areas which they consider to be a potentially good investment. Whatever their intention, the evidence strongly suggests that RET is growing year by year. However, the notion of Real Estate Tourism is one which leads to debates on the ethical aspects of foreigners buying real estate locally at very cheap prices using stronger foreign currencies, and thus disadvantaging locals who cannot afford to buy them due to rising real estate costs (Adriao, 2003).

Bardhan, Edelstein and Leung (2004) assert that when foreigners rent properties, this increases the cost of renting for locals which in itself is problematic from a moral perspective. Be that as it may, foreigners do not require special permission to rent or purchase real estate in South Africa, but there are limits as to how much can be bought and for example, the issue of whether or not sought after land is under state protection. In South Africa there is thus a fair amount of residential tourism especially along the coast in the Western Cape Province. Real estate tourists seek out bargains, in for example, gated townhouse communities in suburbs such as Bloubergstrand or blocks of flats in the Seapoint and Greenpoint suburbs of the city of Cape Town.

Methodology

The researchers employed a Desk Research methodology using secondary sources such as academic journals and a wide range of online resources. It was important for the researchers to be specific while seeking their information. They browsed specific information online from industrial, marketing and



business sites and extracted some information out of these sites. Secondly, they made use of online search engines including www.google.com, www.yahoo.com, www.infoseek.com, and www.altavista.com for modulated searching. They were careful to refine the searching techniques in such a way that results were promising and relevant. The researchers understood the importance of the research and followed their guideline intellectually to reduce the efforts made and time consumed in searching for relevant information.

Buying real estate in South Africa

We need to distinguish between residential tourists and holiday tourists as they relate to real estate purchase. A residential tourist differs from what is considered to be a mere holiday tourist by virtue of a bond that the former establishes with a place and which drives them to acquire real estate in that area. Residential tourism is highly consumption-led and not in any sense led by production so that the residential tourist does not essentially work or even have a business in a country or a destination but still purchases a property. The primary objective for purchasing a property is leisure, the aesthetics of the area and the perceived tranquility of an area, and it thus becomes an aspect of consumption. In South Africa, residential tourists are very often pensioners or other retirees from abroad and this is similar to what happens in countries such as Costa Rica (Barrantes-Reynolds, 2010).

Prior to foreign clients purchasing real estate in South Africa, they should be aware of how sales are conducted in this country. They need to understand that there are real estate agents and lawyers who have control over the market and the private sales are very rare. If they do not have the necessary funding available they need to understand that they need to go through local financing organizations that need to carefully consider interest rates and be made to realize that these are generally far higher than in other countries. Prospective European clients should be informed that their banks are less likely to make loans available due to the tenuous nature of the South African political milieu. Potential foreign real estate purchasers will generally work with a local estate agent whose duty it is to provide all information relating to the property in an honest and transparent fashion

South Africa has a good reputation of having one of the best deeds registration systems globally and property can be possessed individually, jointly or by entities such as companies, close corporations, trusts or comparable entities registered outside South Africa. Nevertheless, buying property in any foreign country can be complicated and not without legal repercussions (Etchells & Young, 2017)

It is critical that foreign clients be advised that the property is sold in South Africa on a Voetstoets basis which represents the deed of sale and which states that the property is sold as it is. The agent has to make certain that the sellers stating that their own property that is for sale are indeed the legal owners. This is done by accessing the title deeds for inspection. Foreign buyers are generally required to register with the local government before they can purchase a property (Pam Golding Properties (2017). The agent should notify the clients that they would have to pay capital gains taxes on immovable property in South Africa because they are non-residents. They also need to be timeously informed of the need to pay transfer duties, which can be as high as eight percent or more of the sale price. In addition, they need to pay conveyancing fees and also, a bond registration fee. The agent should ideally work in conjunction with a lawyer in order to mitigate possible error in servicing the client's needs (Investment Property, 2017)

Foreign purchasers of land need to be 'legal' foreigners, and, in possession of either a temporary or permanent residential permit. They need to to pay a deposit of at least 50% of the purchase price and

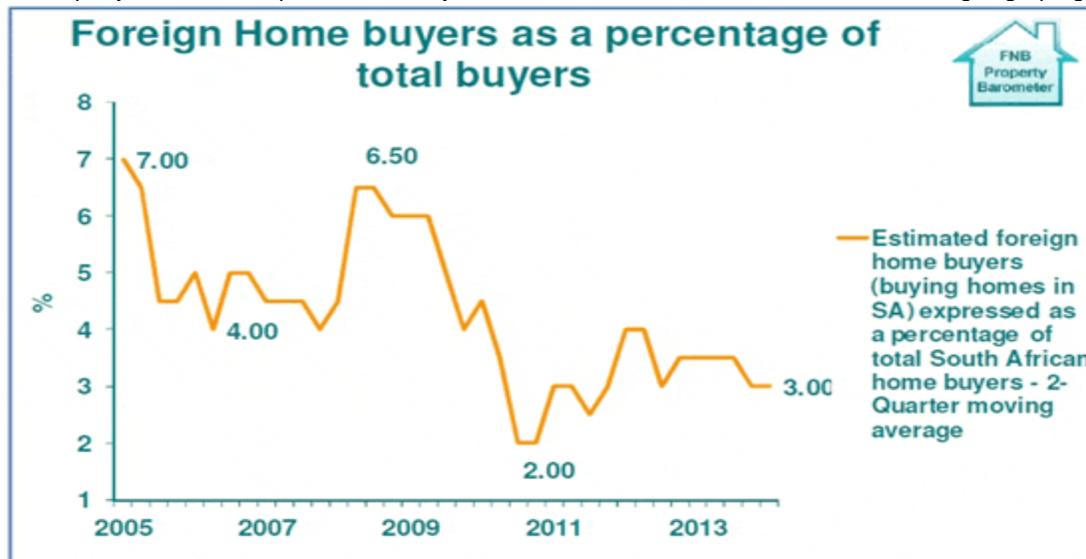
comply with the rules and regulations laid down by the South African Reserve Bank and conform to FICA requirements. Foreigners who are employed in South Africa on the strength of a work permit, are not viewed as 'non-residents' by the South African Reserve Bank but rather seen as residents for the duration of the period of their work permit and they are thus not limited to a minimum of a 50% loan. If a non-resident purchaser proposes paying cash for a property, there is no maximum to the amount of money he can bring into South Africa for this purpose and he does not need not involve the South African Reserve Bank in the transaction. Once the property is sold, all the profits may be returned to the country from which they were sent (Annalien Realty Blog, 2013). The foreign clients can purchase property either as a freehold title or as a sectional title. In the former the client will buy a freestanding property and assumes ownership of the buildings and the land. He or she receives a separate title deed and the responsibility for the maintenance and servicing of the property. When a client buys a sectional unit in a complex or in an apartment building he or she obtains a title deed for their section where it states that they are the owners of the section as well as an undivided proportionate part of the communal property. The agent needs to explain that the clients then need to contribute to shared expenses on a pro rata basis. Furthermore, the agent should make certain that the client understands that such complexes have strict management and house rules and that they will need to observe any rules and regulations once the purchase a unit. Very often real estate agents omit important information and compromise both the client the company in which they operate. It is thus critical that great care should be taken to suitably and adequately inform foreign clients of all legal requirements relating to the purchase of real estate in South Africa (Investment Property, 2017).

South African property purchases by foreigners

Foreigners own about 3% of all South African properties, and this figure is likely or grow in the future. Properties are sold to foreigners throughout South Africa however the cities of Cape Town and Johannesburg tend to dominate this market.

Figure 1. Foreign home purchasers

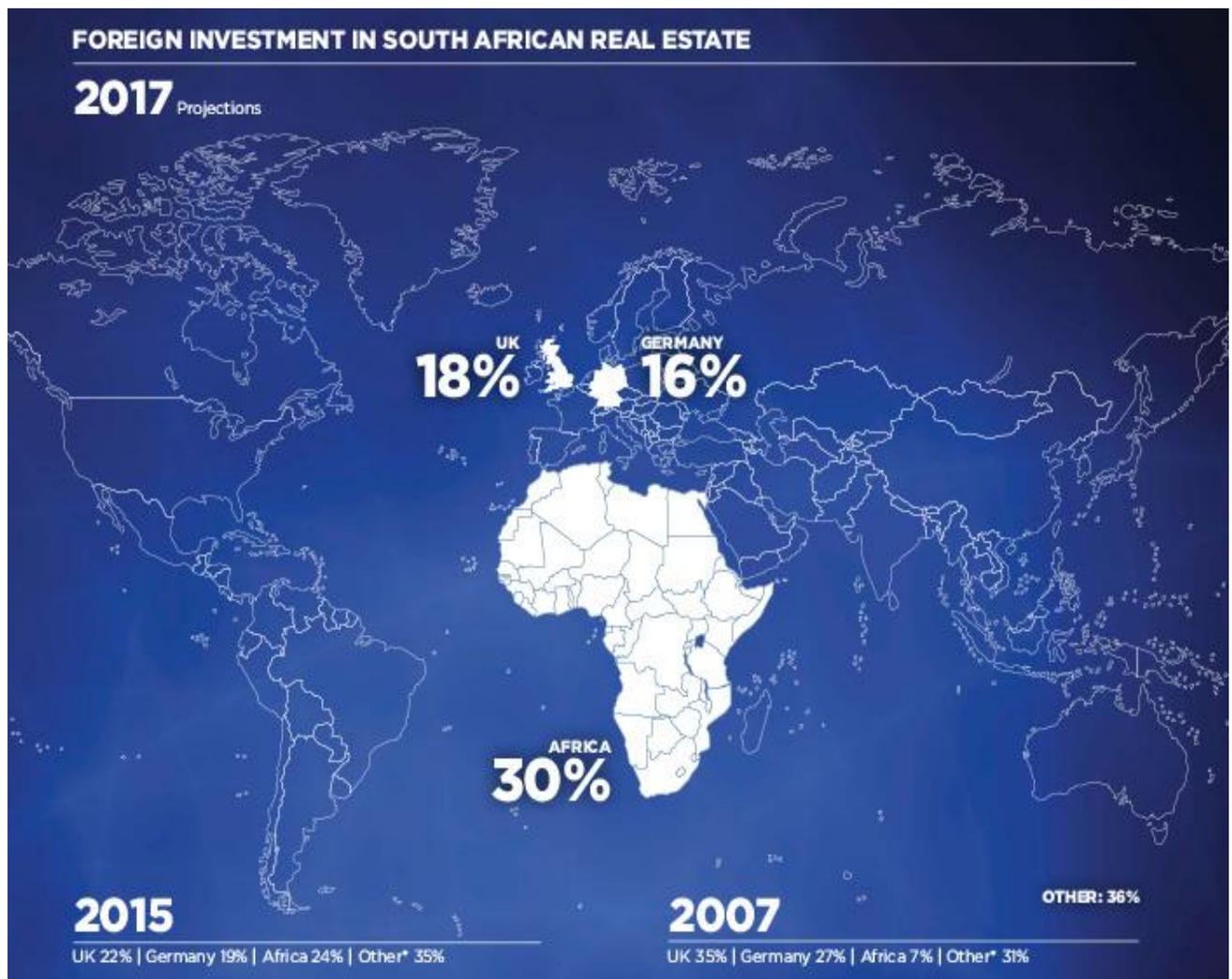
Source: FNB Property Barometer https://www.moneyweb.co.za/mw/media_stream/mw/1/745720/images/graph.gif?x85266



In a report by SAPA as cited on Brand South Africa in 2013, the city of Cape Town has the most sought-after suburbs and there is a shift towards African buyers and emerging Eastern markets such as China

and India. Nigerian buyers top the list, with properties including an apartment at Cape Town's V&A Waterfront for R25-million and a luxury home in Bantry Bay for R30-million (Brand South Africa, 2013). An Angolan buyer was reported to have paid R30-million for a home in Camps Bay. Buyer movement from the developing Eastern markets such as China and India, has also more than doubled by June 2013. The prestigious Camps Bay area saw a mansion sell at a price of R7.296-million. Two Middle Eastern buyers also invested in Camps Bay holiday homes, together with a modern villa which sold for R9.75-million. European buyers accounted for 28 property sales to the value of just under R155-million; about 40 percent of all buying activity. About 18 properties to the value of R63-million were sold to British buyers. Buying activity from the USA remained low at only three property sales compared to two sales during 2012. Many UK and European buyers then also to shift their funds into South African property, and the weak rand served as a substantial inducement. This made property here even more attractive as a safe haven (Brand South Africa, 2013). Figure 2 below shows that 34% of real estate investors come from Britain and Germany while 30% emanate from the African continent.

Figure 2. Foreign investment in RSA real estate Source: <http://www.realestatemagazine.co.za/blog/2016/07/14/wealth-shift/>

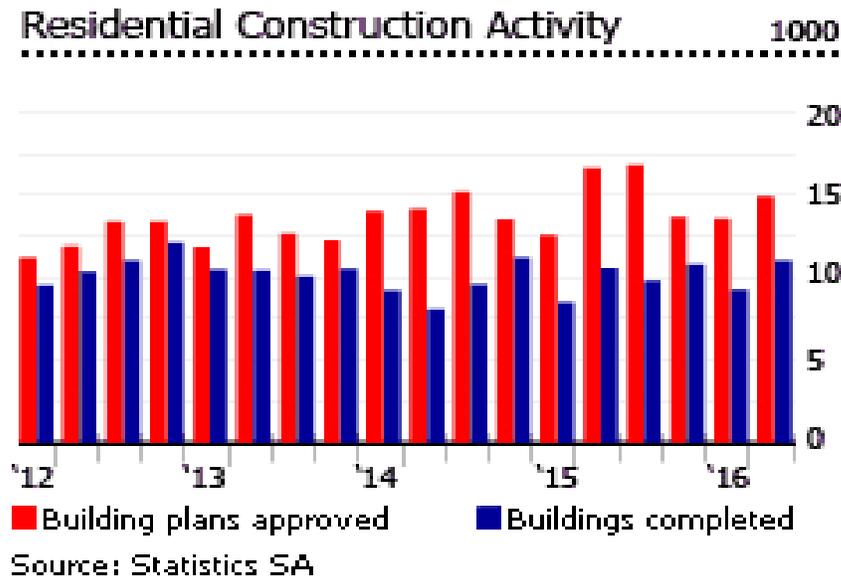


Property in South Africa is currently far less expensive for foreign buyers than was the case five years ago. The rand has tumbled from US\$ 1 = ZAR 6.76 in July 2011, to US\$ 1 = ZAR 13.26 in August

2017. Despite this weakening, there is no related increase in home-buying by foreigners, primarily due to declining investor sentiment towards South Africa.

From 2015 to the end of 2016, there was a marked drop in building plans approved, pointing the way to a sluggish market in residential home construction (Figure 3.)

Figure 3. Bulding activity Source: <https://www.globalpropertyguide.com/Africa/South-Africa/Price-History>



Skills and duties required by Estate Agents dealing with RET clients

The core functions of an estate agent is to locate a buyer of or even a tenant for a property that the agent is mandated to sell. The estate agent is bound by a code of conduct by which he or she must protect the interests of the client at all times. Nonetheless the agent must still consider the purchaser in a transaction and strive to provide service quality excellence at all times. The agent needs to consider the micro and macro environments in which the organization operates and they need to have a clear understanding of the mission of values and strategy of the organization. When dealing with foreign purchasers it is important that the environment in which the agent operates reinforces the manner in which the organization is established when we consider the people working within its walls and its architecture. It is clear that the structure and their outcomes in the organization must be in agreement with the strategic intent (Veldsman, 1994), to be in a position to provide customers with the best possible service and the best guidance relating to the purchasing of property.

Ideally, the agent should be able to communicate with foreign clients in their mother tongue and where this is not possible it is important that efforts are made to make certain that the clients fully understand the obligations relating to an intended purchase of property. It may become important to forge links with translators and to work closely with them. In such cases though there must be trust and respect between the agent and a translator to enable an effective working relationship (Williams, 2009). When communicating with foreign clients who have limited understanding of English, it is important that the agent does not make judgments before knowing the facts. It is equally important to fight stereotypes and not make false assumptions that all members of a particular cultural ethnic group have the same characteristics. Any preconceived notions and biases should be eliminated.



It is important that the agent at all times works within the organizational objectives and that communication is consistent and in line with the strategic objectives, the vision the values and beliefs of the estate agency and more importantly the code of conduct of the Estate Agents Affairs Board of South Africa. The agent should always let the client know that they understand what they are requesting and deliver what they promise and nothing less is acceptable. Agents should accept the fact that they can never understand everything there is to know about another person's culture and therefore need to become flexible in how they approach clients and practice the art of real estate with humility. These aspects will influence clients to be more willing to work within the agent so it is important to be open-minded and try to understand life from the perspective of the client and the background. Clients become very disappointed only if they expectations exceed what they actually received from the agent in terms of service.

An estate agent is required to offer professional services to all potential buyers and always act in a transparent, fair and honest manner. The agent is obligated to make certain that the buyer in fact qualifies, and this is ascertained by gathering information on them via their social and business profiles, and also their financial standing (EAAB, 2, 14:64). It estate agents take the time and trouble to review and analyse the customers, they will quickly find that all clients are not equally valuable. It is then important to identify clients with the characteristics that are the most beneficial to the estate agency. Clients that can provide valuable insights into areas with which an agent is not familiar, such as a new market sector of clients looking for condominiums in a particular area, can be strategically important for an estate agency. Estate agencies should avoid competition when it comes to foreign buyers and target different types of clients. In this way, the potential destructive forces of competition are mitigated and each agency is able to develop a relatively dominant position in a market segment.

It is evident that clients will purchase real estate from an estate agency because they are considered to be the best in that field. It becomes important to differentiate an agency by providing extras in terms of the services that they offer clients and they need to focus their efforts as they concentrate on a relatively small part of the market and strive to become the preferred experts and dominate in this particular area or niche. Such a strategy will tend to lead to a higher profit margin and bolster the market dominance position of an agency (Williams, 2009).

Given that customers usually have a range of alternatives from which to select in the property market to meet the diverse needs, it is vital for the agent to make certain that they fully understand the choice of a product as it relates to the value that the customer has. Because those who purchase real estate have different opinions concerning value agents need to be able to distinguish the value of properties on more than simply the price. The customers' value is very important and the costs for delivering such value are equally critical. An agent has a role to play in determining the price for a given product. Where property is considered to be far above the market value, the agent should state this to the prospective purchaser and maximize customer current and future value as an important aspect of operation (Dodds & William, 1999).

Customer value management

A business should strive to achieve the customers' goals and objectives in purchasing a property and the choice of the customer is generally influenced by a number of circumstances and conditions which are available in the current market. Woodruff (1997) states that customer value is a source of competitive advantage and should therefore be carefully considered by employees in an estate agency. The price of property on offer by an estate agency for foreign clients is a very important signal that the



company is sending to the marketplace about the homes or other real estate that it has available. The prices of real estate put forward by businesses tell the foreign customers and all and industry role players what the position of the agency is in relation to the other companies in the area and how it believes they are thinking and feeling about a piece of real estate and its value. When agencies overprice properties in a strategy to maximize profits they may ultimately lose their position in the market and any dealings relating to foreign purchases. However if they can develop the correct price for real estate according to local market forces they can then maximize their profits. They will be in a position to match their prices to the various market segments of real estate and attract many foreign buyers and more importantly retain some key buyers for future business ventures.

When an agency is known to offer superior quality compared to others in the industry this attracts more clients and adds value to their services thus making the operation more distinctive as far as the the customers are concerned. In this way higher prices can be set for some real estate in a realistic fashion, and this ultimately leads to higher profit margins for the agency. The agent taking prospective buyers to view some real estate should ensure that they involve the clients and obtain feedback on what is viewed, so as to ensure that the clients are satisfied throughout the transaction of the business dealing. Coldwell (2001) carried out a survey on what it is that leads to good customer satisfaction and he ascertained that there should be a good emotional bond between an employee and a client since this makes the client more likely to continue purchasing from that organization and he or she is even likely to recommend the company to friends and family abroad.

It is necessary that the buyer be financially able to obtain a property and for any preconditions to be met with when these exist. When buyers are seeking to purchase a property as a matter of urgency the agent should assist them to do so and show probable matches of selected properties to the buyer based on their requirements including property type, size, location and budget. The buyer must be assisted in making an offer and obtaining finance and when necessary in transferring funds from their native country to the relevant institution in South Africa. The agent is also expected to provide after-sales service and at all times to act legally and ethically.

According to Moodaly (2008), organizational culture is critically important as it essentially holds the organization together. It is the assumptions and beliefs that employees share unconsciously and relates to the tangible activities within an estate agency. It gives meaning and direction to how agents work and in the context of especially South Africa, the employees in an agency could have very different assumptions on what is right or wrong, based on ethnicity or culture. This is where the principal in the agency needs to be an exemplary role model and not merely make decisions which favour their business sustainability (Sweeny & Hardaker, 1994). The principal should guide the employees to act in an ethically sound manner and support them in this important role.

The agent should not misrepresent any of the facts and disclose all material facts as they exist (EAAB, 2, 14:64). In this regard the interests of the party should not be prejudiced and the agent should act with due diligence and be skillful in what he or she does, and vigilant in how they operate making certain not to discriminate against the purchaser in any shape or form. In terms of a number of laws in South Africa the agent and their company must deal with trust money that they receive in accordance with the relevant act and not unlawfully disclose any confidential information (EAAB, 2, 14:64).

Managers of real estate enterprises need to understand how value creation should be managed so that it delivers the best possible value to the client's irrespective of their origin. This ensures that there is customer satisfaction. Where businesses have low values for their clients' they demonstrate poor performance and the converse is true when they set high values. Customer value then makes an estate



agency more successful and provided with a greater competitive advantage and this is why it is critical that customer value notions should be primary concern in a business and implemented on an ongoing basis. The current real estate market is highly competitive and this means that for any estate agency to try to be successful they will need to meet or exceed the client's expectations on an ongoing basis. This will assist them to achieve customer loyalty and improve the preference for their business from foreign clients based on word of mouth promotion by a previously satisfied clients. Every customer needs to be properly managed so that the agent can maximize the potential profit for the estate agency (Kotler, 2000).

In a nutshell, the performance and a competitive level of real estate company resides in how well it appreciates the value of customers. When real estate companies do not see the importance of customer value in how they operate then they are likely to make incorrect decisions impacting the marketing strategies and this will ultimately lead to a decline in their profitability. This is why it is critically important for an agent to gather correct information before taking a foreign client out to visit a property which is for sale. They need to develop options and identify different possibilities such as for example, what size property a client is looking for and to what end? The agent must be in a position to assess the suitability of each and every option and in a sense analyze the options on the basis of whether or not they are likely to improve the competitive advantage of the organization, and more importantly satisfy the client's needs. It is then important for the agent to assess the acceptability of the properties which are shown to the client and the feasibility of whether or not the client can in fact purchase the property. It is then important for the agent to choose the best-fit strategy and get to the right decision (Williams, 2009).

General aspects of practice

Real estate principals need to be flexible in their approach towards their employees and on a regular basis inquire of the employees what they need. The employees should be guided to be able to serve the best interests of the agency and the client in win-win situations for all stakeholders. Before any agent deals with the client and especially a foreign one, they should undergo the required training in the specifics, and this could be provided in house during working hours by specialist international real estate agents or by the direct supervisor or manager. What is sadly lacking in South African real estate good training is what it means to provide total quality service, and skills such as creative thinking, selling and financial accounting. There is no doubt that estate agents' benefit from a very general multi skilled grounding and that they become far more effective in practicing the craft when such training has been provided. This is where it becomes important for a principle of an agency to be reflective on whether or not employees under his or her charge had been sufficiently trained in the required skills and whether or not the training and registration is up to date. Another issue requiring attention is that of technical support. The question should be asked if employees are in fact able to use all computer programs effectively to improve their performance and this is particularly important in dealing with foreign clients' long distance. Employees could be sent on courses to give them practical experience and the agency should invest in training for key computer skills to enhance performance (Heller, 1999). It is also important for the principle of an agency to be a mentor and establish a special relationship with all employees there should be a continuous interest in the progress of the employees and skills should be shared between all members in order to reach a deeper understanding of the work. A useful method is to employ action-learning but even e-learning which involves lectures and relevant literature reviewing is also important and in this regard the experienced agents should take the lead to guide newcomers in the organization to become more effective. A good estate agent should be very practical



in orientation and are able to handle various tasks simultaneously. Where something goes wrong in a transaction performance must be improved to avoid repetition. In such an eventuality all quality management should prevail and the focus should be on quality work which gives real benefits to customers. Heller (1999) suggests six steps that should be applied by individuals or teams to encourage staff to become more efficient. These include describing what is going wrong and then collecting and analyzing facts on a particular issue. This is followed by planning and implementing a likely solution and then confirming that the solution actually works. The agent should then incorporate the solution into the process which has been refined and then begin to reexamine the process to ascertain if there are any weaknesses. Such steps in managing quality support estate agents to do their work better.

Ethical Issues, constraints and local buyer impacts

One could make the case that there are negative social impacts of RET. Even though the sector is highly regulated, there is to an extent a marginalization of civil society where those in the lower socio-economic strata are more unlikely to ever be in a position to purchase any property due to escalating prices, which are in part due to foreign purchasing. This is indeed a vexing problem as it seemingly violates moral principles and codes of conduct which are applicable to business. Business ethics is applicable not only in the business and its relationship with clients but also needs to consider society at large. It essentially speaks to the notion of what is right or wrong from a business perspective. The agent must help clients and associates in dealing with various issues. While it is often difficult for certain people to obtain property due to lack of finances, agents must be resolute in their tasks. As long as agents respect everyone thoroughly and adhere to the rules and regulatory frameworks of the industry, they will be conducting their business in a manner that is deemed to be beneficial to society as well as to the interests of the estate agency in which they are employed. Undoubtedly every strategic decision one makes has some moral consequence or other.

Money laundering is a huge problem related to real estate. The South African real estate market offers some opportunities for criminals to be involved in money laundering their illicit funds. This is easily accomplished by purchasing and/or even developing properties. Large volumes of illegitimately acquired funds are used to purchase top of the range properties via cash and also by means of offshore shell companies that conceal their factual owners (Boles, 2017 citing Dugato et al.). What happens essentially is that illegally obtained money is transferred through legitimate people and/or accounts so that the original source cannot be traced at all. Where agents suspect foul play, they should be hesitant to become involved in such practices since the Proceeds of Crime Act (No. 76 of 1996) criminalizes the act of money laundering in South Africa (PCA, 76, 1996). Boles (2017) asserts: "Money laundering activity continues to present challenges to South Africa, and the real estate sector in particular poses special money laundering risks, given the potential for real estate purchases to function as a means to launder illicit proceeds".

A key factor that affects the value of real estate is the general health of the local economy. National economic status is normally measured by economic indicators including the GDP, employment data (which currently shows unemployment at 28%), manufacturing activity and the price of goods. When the economy is inactive, real estate purchases tend to subside.

As South Africa battles with a range of crises of an economic and political nature, especially extensive corruption and the inept management of state-owned entities, the negative impact on the foreign purchaser real estate market is growing. The country's downgrade to junk status is also a severe



challenge as it is threatening to weaken the currency even more, and while this would be seemingly good for prospective foreign buyers, it has the negative effect of dissuading them from making purchases in real estate in the country. Consequently, more and more investors are looking abroad for a safer haven (SA Real Estate Investor, 2017).

The primary objective of business ethics is to allow people to have the means to deal with the moral complications which may arise from time to time. There is of course the ongoing battle between different groups in society. For example there is the battle between those who believe that the profit or shareholder wealth maximization should be the primary aim of any business. Such people consider value creation as the main purpose for the existence of the real estate agency. There are others who argue that the organization's main objective should be to consider the triple bottom line and thus the planet, the people and then the profits. The rights and interests of all groups must be considered failing which conduct of business is unethical. This latter grouping would argue that profit maximization should not and cannot be at the expense of other groups of people in society. That is of course a debatable issue, and the main argument is that fair practice should be the primary objective of a business.

The core criterion is for companies to focus on the core employee competencies and avoid falling into traps involving political and cultural clashes and of course differing value systems. Care must be taken to do the right thing all the time and work in the legal rights realm of a business. What is abundantly clear is that the built environment in Africa needs to be given important consideration. This is due to the fact the continent is one of the most rapidly urbanizing areas in the world and that it would have to house over a billion people in the near future. This is where international developers could play an important role as they seek to invest in Africa. However, there should be easily obtainable information for them regarding land ownership rights and tenure issues. There is clearly a need and a case for capacity building in the built environment and in this regard international property developers can certainly play an important role.

There are invariably a range of issues and constraints which face the RET industry, which could adversely affect real estate investments in South Africa. For one, Infrastructural capacity constraints are likely to encumber the tempo at which foreign tourists seek properties in the country (Khadaroo & Boopen, 2007). The factor of pricing cannot be downplayed as it is important. Where greedy estate agents encourage sellers to ask higher prices for their properties, the time will come when the demand side will dry-up, as buyers find better opportunities in other countries. In a volatile global economic environment exchange rates will not forever be favourable for prospective foreign buyers and this would preclude them from seeking second homes abroad (Lachman, 2006). The local cost of construction is soaring annually and this would also impede the construction of buildings. In such scenarios, the return from real estate investments to foreigners would be minimal and purchasing foreign real estate would become more of a bind than a value for money proposition. The notorious crime rate in South Africa and political strife are equally impeding factors which do not bode well for an already straining industry.

There is a new property law in the pipeline termed The Regulations of Land Holdings Bill that will ban foreigners from owning land in South Africa. Foreign nationals will be only be allowed to lease South African land for a minimum of 30 years. The African National Congress party does not support the tactic of expropriating property currently owned by foreigners, which government assesses to be about 7 per cent of all South African land. Such legislation is part of the government's efforts to wrestle with the thorny issue of land reform in South Africa (Corcoran, 2017).



Conclusion

There are various higher-level factors that play a substantial role in moving the real estate market to the extent that foreign buyers flock to a country. While marketing and selling properties to foreign buyers obviously has value for a country in terms of foreign exchange increases, we should not negate the most important principle as far as local populations are concerned, namely that of home ownership. Consequently, real estate agents and the principals need to have a clear understanding of the huge importance of property for the local population as a home and also as important investment for future generations especially given the apartheid years in the country's history, through which Blacks, Coloureds and Indians were excluded from home ownership. It should not be the case that the prices of properties are inflated to capture greater capital gains from foreign buyers. Prices should be based on local market forces and be realistic. It is not acceptable that millions of blacks in South Africa live in homes constructed out of wood, corrugated iron and plastic in what are essentially shacks. It would be useful if the real estate industry could provide incentives and challenges to other industries and involve business communities in supporting local community projects in order to assist the poor to be able to buy or build their own homes. Local business should be assisting those living in informal settlements and should work in concert with civic organizations to uplift the squalor that exists in one area, while in adjacent areas there are foreigners living in mansions which costs millions of dollars. Estate agents do very important work and their efforts should be increasingly extended to all people in society irrespective of socio-economic status and especially blacks should be encouraged and supported to own their own 'real' homes. Despite the many challenges faced, South Africa's property market remains resilient. The strength of the housing market can be accredited to the sustained vitality of the major metropolitan areas such as Johannesburg and Cape Town, linked to a growing penchant for property as an asset at a time when the global financial markets remain increasingly unstable.

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