

Text: Mandi Smallhorne/Chris Graham

# Passion for property

Are you thinking about buying into an estate?



**The beautiful Villas Valriche Estate in Mauritius could make a wonderful investment**

You'll see them all over the place – long walls which are the first sign that a large estate development is in the making. Some pop up in an urban environment, offering weary city-dwellers a 'rural' atmosphere, safety and a range of additional benefits; others appear in resort areas – on the coast or in the bush – and target those seeking a secure holiday home which offers amenities that appeal to them, from golf to scuba diving.

Chris Graham (Managing Director of Graham Associates Global Marketing Solutions) is an independent consultant who has been involved for five years with estate development Villas Valriche in Mauritius. We asked him to answer a few questions for us. Since his area of expertise lies in the overseas holiday homes market, that's the area he's addressed. However, much of his advice can be usefully applied to buying holiday homes in estates sited in our holiday areas, like the Garden Route or South Coast, and even to urban developments:

*Q: What are the benefits of opting to buy into an estate?*

A: The benefits of purchasing an overseas property in an estate (as opposed to a stand-alone property) are significant. Most notably these include:

- Security: Resorts are normally covered by 24-hour security and visitors must be registered.
- Peace of mind: The ability to 'lock-up and go' in the knowledge that your home and grounds will be tended and maintained during absences.
- Rental: Most residential resorts offer a managed rental pool, thereby generating income to cover the running costs of the property – and often providing a surplus.
- Hotel: Many resorts include 4-star and 5-star hotel accommodation and facilities, allowing for friends and family to visit. Also the revenues from the



Villa Valriche Estate



St Francis Links



Villa Valriche Estate

hotel contribute towards supporting the maintenance and running costs of the resort. A renowned and branded hotel operator also adds value to the offer.

- Amenities: Resort residents benefit from privileged access to a wide range of sports and leisure facilities such as spas, dining, beaches, kids' club, tennis and golf.
- Concierge: Most resorts offer a 24-hour concierge service, providing total convenience for residents to allow them to focus on relaxing and enjoying their holiday!
- Capital growth/resale: It is arguable that, due to the above factors, resort properties tend to hold their value better, especially in well-run developments; certainly they are more appealing to international buyers for resale (indeed the resort will often assist owners in the resale process).

**Q: Are there any pitfalls to watch out for?**

A; Indeed, as with any investment there can be numerous pitfalls, so it is important to get as many boxes 'ticked' before making a purchase. These include:

- Buying off-plan: Ensure that the developer has a proven track record of delivering high quality resorts. Bank completion guarantees also provide peace of mind in the event the developer goes bust.
- Management: Ensure that the resort management operator is reputable, professional and reliable. The owner is often thousands of miles away and shouldn't need to worry about their home being well looked after.
- Maintenance: Ensure that the buildings, facilities and grounds are all continually maintained to a high standard – not just during the selling period!
- Rental: Ensure that the rental pool management company is reputable, professional and reliable, with a strong international network of agents to ensure a steady flow of rental guests.



**Legend Golf & Safari Resort in the Limpopo Province**

- Ownership: Consider the Costa del Sol and Northern Cyprus... Make sure that all necessary permissions have been granted. [Ed: we're told that the property market in both places is still hot in the wake of the recession, but bound to pick up soon! However, there are some factors to consider, for example, a foreign national cannot buy more than one donum of land in Northern Cyprus (1 338 square metres); you'll probably need to employ a local solicitor, whose fees could cost upwards of R10 000; you can buy leasehold or freehold – but there are several different types of freehold, so you'd need to be careful. Basically, you need competent local advice to ensure that you're not buying a pig in a poke.]
- Planning: Check maximum number of units planned and approved within the resort and also plans for adjacent land.
- Accessibility: Will transportation to the area always be affordable and regular? [Ed: check what roads are being built or planned in the area with the local municipality.]
- If leasehold, on what basis can the lease be renewed?

**Q: What considerations should people take into account when choosing an estate to buy into?**

A: All of the above! Prospective buyers should also consider:

- Price and value: Will the property hold its value and (hopefully) increase?
- How often will the owner visit the resort? If intended for weekend access, make sure that it is quick and easy to get to.
- The local economy: growing, stable or stagnant? [Ed: this applies just as much

to developments in South Africa. One development is not enough to raise a region out of an economic slump if it's in one].

- Political stability
- Property ownership laws and regulations.
- Visas and ease of gaining access to the country.
- The attitude of the government of the country to foreigners.
- Health facilities
- Crime rates
- National infrastructure – roads, trains, airport.
- Activities for all ages and tastes – the wider the appeal, the better the rental and resale potential.
- Easy access – ideally low cost and frequent.
- Priority for residents on facilities – many resorts open their facilities to hotel guests and locals, so booking can become difficult.
- Independent testimonials and press reviews.

Graham's real message is that it's essential to do your homework. It's preferable to buy any property without visiting and exploring the area, finding out what plans there are – buying a beautiful property may become a nightmare if there's no control over industrial development, for example. And find out about the developer's track record – speak to people who have bought into other estates of theirs, and if the estate is established, go and knock on doors to find out how other residents or owners feel about how it is managed and run, to ensure that your experience is happy and that you never regret your purchase.