

HomeFront

INTERNATIONAL INVESTMENT

Simplistic, crime free lifestyle

Is living in Mauritius everything it is cracked up to be? Lea Jacobs looks at what island living is really all about

THE number of South Africans living in Mauritius has grown dramatically in recent years. As a country that has a similar climate to our KwaZulu-Natal coastal regions, a low tax base and virtually no crime, the island offers an idyllic lifestyle to those who can afford it.

Unlike other countries which involve a long haul-flight, this island paradise is a mere four-hour trip from OR Tambo International Airport, making the move far less painful for those with family and friends in SA.

Shannon Matkovich, who along with her husband Tony and their children, has lived near Black River on the island for 18 months, says that the weather, simplistic lifestyle and the social life with the expat community make for enjoyable living.

"The lack of crime, weather and the overall lifestyle are the main reasons that we love living here," she said. "Although there is some petty crime and we would never dream of leaving cellphones and the like in plain view, we never lock our doors."

Interestingly, life on the island

has a certain colonial feel and the expats often get together to play golf and cricket. Many of the ladies spend their days lunching, shopping or using the facilities offered by local upmarket hotels.

"The island has changed over the years and while residents were restricted to shopping in Mauritian shops some years ago, this has now changed. There are a number of South African shops that have opened branches on the island. We still, however, frequent the markets in Port Louis."

She says that generally speaking the cost of living is fairly cheap,



although imported items are expensive. Residents should expect to pay double for what they would pay for a car in SA and red meat is pricey. This, however seems to be a small price to pay for the luxury of living in an island paradise.

Mauritius prides itself on its excellent educational standards and the island boasts a 95% literacy rate. Although there is an international school in the country, many of the expats are choosing to send their children to the privately-run, French schools that boast both good reputations and fine academic achievements.

Tertiary education is available and includes the institutions of the University of Mauritius as well as

The University of Technology.

Since the introduction of the Integrated Resort Scheme (IRS) in 2002, the island has seen an increase in foreign investment and property ownership. Under this initiative, foreigners investing in dedicated property developments automatically retain residential status for as long as they own the property. The system appears to have been just what foreigners were waiting for and sales within these schemes have remained fairly strong despite the recession.

Timo Geldenhy, sales director at Hayes, Matkovich and Associates that markets Villas Valriche in Bel Ombre, says that although sales were affected by the global

downturn, the fact that the development was already at an advanced stage counted in their favour.

Situated on a former sugar estate, the development has all the style and class required to satisfy the upmarket investor's needs. The villas are dotted around on what has come to be regarded as one of the best golf courses on the island. Perched on a hillside, homeowners have spectacular views of the Indian Ocean as well as the magnificent inland scenery on offer. In addition, owners have privileged access to two five-star hotels, two world-class health spas, the Valriche nature reserve and the exclusive Beach Club.

"While the amenities have proved to be a draw-card, it is perhaps the other benefits of island living that continue to tempt investors. Homeowners enjoy both permanent residency and huge fiscal advantages: the demand for upmarket homes in IRS developments is evident from the returns investors still enjoy.

"The first re-sales have already taken place in the development and so far owners have been seeing returns of up to 40% over a two year period — phenomenal in current times."

At this stage 120 units have been sold and 15 are currently in the sales process. Construction started at the end of 2007 and it

was evident from the beginning that the development was destined for greatness.

Scooping up international awards, Villas Valriche also ranked in the Top 10 Best Luxury Developments in the World in Homes Magazine in 2009.

Owners have a choice of 25 plantation villa designs, ranging from a two bedroom, two bathroom unit measuring 200m², to a larger four bedroom unit that measures 400m². Plot sizes range from 700m² to 2 000m².

"The units boast premium-brand fittings, an infinity pool, large verandas, air conditioning as well as state of the art communications. Our in-house interior design team are on hand to advise and furniture packages are available."

Apart from the amenities mentioned, the area also offers a wealth of other activities including a wealth of water sports, hiking, rock climbing, mountain biking and archery. It is not surprising that with all this on offer, the development is a popular choice for visitors.

"We have appointed Veranda Resorts as the rental pool and facilities management company. The rental pool officially started early this year and although the product is new, we expect owners to see returns of about 5% to 6% per annum as early as the third year of operation. This is obviously outside of the appreciation they are destined to achieve on the villa itself," says Geldenhy.

Price: from US\$760 000 to approximately US\$3.5m, excluding tax.

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INDUSTRY NEWS

Bank breaks ranks on use of bond origination

The news that a major South African bank has all but dropped the bond origination model must have shaken the industry, if not to the core then to the extent of rattling a few cages, creating a great deal of uncertainty. Lea Jacobs reports

BOND origination has been around in other countries for years and when the model was introduced to this country it revolutionised the way people looked at mortgage finance.

The days of consumers going it alone and only approaching one bank appeared to be over as bond originators not only haggled for the best rate available, they cut the time in which the bond was granted to days instead of weeks.

SA consumers welcomed the initiative with open arms and at one stage 80% of all mortgages raised in the country were the result of a bond originator's intervention. These specialists were able to negotiate some of the best interest rates seen in years, saving consumers millions.

They also simplified raising mortgage finance. The days of running from bank to bank, filling in endless forms and then waiting weeks for approval, were a thing of the past. At the height of the property boom buyers often had finance granted within hours. By creating competition between the banks it created a win-win situation for all.

The bond origination model has been as successful in other countries. Reports indicate that in the US and the UK 90% of consumers raise finance using originators. In Canada and Australia 50% of home finance is raised through this medium.

It hasn't all been plain sailing however, and there are many who argue that bond originators, particularly in the US, helped to bring on the subprime crisis. Whatever the merits of this argument, it has become clear that granting bonds at far too favourable rates has proved disastrous both for American home owners and the banks that financed them.

In a report by the Wall Street Journal it was stated that investigations into the demise of 279 banks indicated that default in real estate mortgage was the primary cause of the failures.

Although South African banks have to a large extent escaped the major fallout, there can be little doubt that they have been affected. The reduction in the amount of bond finance being granted is an indication that all is not well in paradise and all the major banks have had to reevaluate their lending policies in an effort to survive what is now regarded as the biggest financial crisis since 1929.

It has proved to be a bitter pill for South African consumers to swallow. Interest rates are the lowest they have been for years and many recognise that now is the time to invest. Unfortunately, many potential investors have had to accept that they may not be granted a bond at all, or if they are that the luxury of enjoying home finance comes with a hefty price tag in the form of a deposit.

Bond originators took an



HOME SWEET HOME: Bond originators have helped consumers to get the best mortgage deal by dealing with a number of banks.

enormous load off the banks' shoulders by doing all the donkey work for a small commission.

Banks essentially closed their home-loan departments. Given the length of time that the originators ran the show, one could virtually hear the sharp intake of breath echoing around the originators' board rooms when they heard that Absa was going to start sailing its own ship.

Saks Ntombela, head of product, Absa Retail Bank, says that although the bank will continue to accept bond applications from all parties, including bond originators, they have adopted policies that will allow them to get closer to their clients in an effort to understand and provide for their financial needs in better ways.

"Historically banks are product driven. We want to understand our clients' holistic banking needs and offer them holistic banking solutions."

He says that although they will continue to work through all the traditional channels, Absa clients

who approach the bank directly either through an estate agent or via the bank's sales team will benefit from various incentives, including discounted conveyancing fees.

While it is still early days and the effect that Absa's newly adopted policy will have on the bond origination industry and the bank's market share in the home-loans sector remains to be seen, one question that needs to be asked is how the general public will respond.

South African consumers have been spoilt. You almost get the impression that bond originators were fighting for consumer rights by getting the best possible deal available.

For years those applying for home loans had to accept what their bank was willing to offer.

However, bond originators virtually forced the banks to compete for mortgage business, ensuring that home owners themselves felt that they had fought the mighty giants and won.

PROPERTY HIGHLIGHT

Michelle Swart finds out more about a one of a kind villa on the Sea Point beach front



Villa by the sea has it all

THE Cape Town suburb of Sea Point started out as a small seaside resort out of town, but around the 1950s high-rise apartment buildings were erected, changing the face of this area forever.

Today Sea Point has a completely different character from the early days, with upper Sea Point on the slopes of Signal Hill dotted with expensive private mansions while down at the promenade there is a long row of luxury apartment blocks. In between these two distinct areas is Main Road, with its pubs, music clubs, coffee shops and restaurants.

The Sea Point promenade stretches to Mouille Point and is a popular jogging track. Bennie Rabinowitz has been chairman of Seafont For All (SEAFA), a non-profit organisation aimed at preserving the Sea Point pavilion and promenade as public open space for the benefit of all, since its inception 3½ years ago.

"So far we are winning the fight to protect the Sea Point promenade from developments that are not environmentally approved — if the pavilion goes, what is next? This is the iconic open space of Cape Town."

It is here that Rabinowitz has created a luxury 400m² villa that offers exceptional living across three floors. Set in the middle of



the Sea Point beach front with superb views across the areas that he is so passionate about protecting, it is part of Alphen House but is a free-standing villa.

It has been designed across three floors connected by a wall to the rest of the block.

"There is no other villa like this on the beach front. There cannot be: there is no site left for one."

Rabinowitz bought the original property on auction, achieving a lifetime ambition. "I made the opening bid and it was knocked down to me — a first in my 50 years of going to auctions."

Working with architect Barry

Sacks they have created beautiful, clean, open living spaces with superb fittings, unbeatable location and lovely views.

Mel Truss and Minette Munitz, Seeff Atlantic Seaboard specialist in luxury apartments, say: "This is a really exceptional property opposite Milton Beach, with security and large living areas."

On the ground floor there is a granny flat/guest suite or student flat/games room, plus an extra large double garage. Each floor is almost 135m². A glass-enclosed lift or staircase takes you upstairs.

The first floor offers a big open-plan living space with a large

balcony with excellent views of the sea and the promenade, an open-plan dining room, lounge and kitchen, and a hidden scullery with Siemens-fitted appliances — a dishwasher, washing machine and tumble dryer.

There is a den for an office/computer, with sea views. Upstairs, there are three large bedrooms, two en suite with dressing rooms and another with an attached bathroom.

Additional features include air-conditioning, excellent security, wood and tiled flooring, American shutters, a gas fireplace in the lounge area, underfloor heating in the master bedroom and heated towel rails in all bathrooms.

Truss and Munitz say: "These are not typical in Sea Point apartments. Bennie has really gone the extra mile to create a truly exceptional lifestyle property for the lucky purchaser."

Rabinowitz, who lives elsewhere along Sea Point beach front, says: "This villa also offers another rarity — plenty of secure parking. Why go to Clifton or Bantry Bay when you can pay half the price here?"

Price: R15,75m plus VAT
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