

Factors driving semigration and its impact on housing markets

Despite being the smallest province, Gauteng remains the country's economic powerhouse, hosting almost 1 in 4 South Africans. It also contributes more than a third of GDP, and more than 40% of consumer credit is granted within its borders, according to the National Credit Regulator Q4 2022.



Source: Nolre Lourens © [123RF.com](https://www.123RF.com)

However, there has long been a trend of South Africans seeking out perceived lifestyle advantages by moving to other provinces. “KZN and, most notably, the Western Cape are favoured semigration destinations,” says co-founder of Sentinel Homes Renier Kriek.

Semigration trends

Before Covid-19, semigration often took one of two forms, says Kriek.

Firstly, whole businesses or business units would relocate to the Western Cape or KZN with their employees in tow. This practice continues as businesses seek better service delivery. The second form was people who quit their jobs and accepted a pay cut to enjoy the so-called ‘lifestyle dividend’ of living closer to the shore or in rural areas, or decided to move their families and commute to Gauteng.

After Covid-19, which normalised remote working, a third variant of the semigration trend arose, notes Kriek. Remote workers can now work from almost anywhere.

“This new development has led to increased semigration to outlying or previously less favoured areas, such as small coastal towns, where whole businesses and single job-seekers would rarely have ventured,” says Kriek. These include West Coast towns such as Langebaan, St Helena Bay and Paternoster.



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Factors driving semigration

Factors driving people to such destinations, he notes, include the desire to escape higher levels of load shedding and crime, improved service delivery, a more relaxed social environment, and promising economic growth, job creation and infrastructure development.

For lower-income consumers, the Western Cape is attractive due to its lower unemployment rate (21.6% vs 32.9% nationally). Similarly, unemployment in KZN (30.9%) and the Northern Cape (26.6%) is less than the national average.

Between February 2022 and February 2023, food prices in the Western Cape grew by 12.4%, which is much lower than Gauteng (14.2%).

“The semigration trend in the Western Cape is fairly broad-based, whereas the northern coast is attracting more affluent earners from Gauteng,” says Kriek.



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Impact of semigration

While previously popular locations like the northern suburbs of Cape Town have become much busier due to semigration, with the roadways surrounding the city showing signs of being overburdened, others, like Mossel Bay, are seeing growth and urbanisation, says Kriek.

He notes that it is also likely that the flood of semigrants to these areas could drive up house prices. This could be either to the benefit of locals selling their property or to their detriment if they wish to buy. In addition, existing homeowners could face higher-than-normal rates increases.

Prices in the Cape Town metro area have already far outpaced growth in the other urban centres. This factor, coupled with the inclination to seek greater value in times of rising interest rates, is driving buyers to hunt for properties in outlying areas, he says, that could yield bigger bang for their buck.

As demand outstrips supply, areas outside established urban and suburban districts will likely gain more attention from

home seekers, says Kriek, so prospective semigrants should take the plunge as soon as possible.

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