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Emigrating or semigrating?

Two trends playing out in a troubled country.

*Magnus Heystek | 17 March 2015 00:17*

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*Trend: A general movement over time of a statistically detectable change – Merriam-Webster dictionary.*

Sometimes you become aware of a trend way before it is reflected in the official statistics. You hear things at a dinner party or over drinks. And when, over a period of time you hear the same things from various sources all the time, you sense that a trend, unreported as yet, is starting to develop.

People who are successful at identifying these trends early often turn them into an advantage for themselves. Sometimes these trends are screaming at us but, for a variety of reasons, we fail to recognise them or act on them too late.

**‘Semigration’**

One such trend is people ‘semigrating’ to the Western Cape. For years now it’s been one of the more noticeable trends in South Africa: people moving from Gauteng to either Cape Town itself or to one of the many spectacular areas within a 50-kilometre radius of the Cape Town airport.

At first it seemed to apply to retired people; Somerset West must be the largest retirement village in the country. But in recent years the nature of this trend has changed. More and more younger families are packing their bags and heading south, for a variety of reasons.

Firstly, technology and the ability to work from almost anywhere in SA, enables entrepreneurs and professional people to work where they choose. Some do it from Mauritius, the UK or even as far as Australia, but the lure of good schools in the Cape and family ties tends to limit that option for those who still have school-going children.

Cheap flights have added to this movement: a quick two-hour flight, a short ride on the Gautrain or taxi, depending at which airport you land, and you are sitting behind your desk in Sandton, Bryanston or Sunninghill. I have witnessed first-hand the Monday morning rush-hour from Cape Town airport to either OR Tambo or Lanseria up north. A bit more expensive and a lot more taxing on the body, but folk who make this weekly sojourn insist it’s well worth it. Less crime, less traffic and a more wholesome lifestyle than that on offer in the greater Gauteng area.

Also, did I mention that the DA-controlled Western Cape is a lot better managed than the other eight other provinces in the country?

This move down south has for many years been described, tongue-in-cheek, as ‘semi-gration’. People not wanting to leave their country of birth but definitely wanting to move to a place that is perceived as a safer and better option.

And it’s not merely a perception anymore. Every trip I make to Cape Town I bump into former Gauties, now living somewhere in the Western Cape, either Stellenbosch or Belville—very popular amongst the Afrikaners—or Constantia, the Atlantic Seabord and even Hout Bay.

Further inland you will find that in places such as Val de Vie, the housing estate on the banks of the Berg River in Paarl, more than 50% of buyers come from Gauteng, according to Olympic swimming champion Ryk Neethling, one of the partners of this development.

The Capetonians, who for years tried to ignore this flood of skilled people invading their backyards, seem to have finally given up their traditional haughty-taughtiness and have started accepting their new neighbours from the north. Accepting them, but not inviting them over for a braai or dinner just yet.

**Property prices rising faster**

One of the reasons for the newfound fondness for their northern brothers is that they have brought with them a flood of money. Hence the fact that residential properties are now rising more than twice the average rate elsewhere in the country.

That’s right, dear readers, in 2014 property prices in the Western Cape rose on average by 13.8% compared with the average growth rate of 6.6% in the rest of the country, according to [**FNB Property Barometer**](http://www.moneyweb.co.za/wp-content/uploads/2015/03/FNB-Property-Barometer-4th-Quarter-Western-Cape-Residential-Property-Review-Feb-2015-FNB-Blog.pdf?27aa18).

This trend has been ongoing for several years and the average price for homes transacted in the Western Cape in 2014 Q4, at R1 272 303, is almost 30% higher than the national average.

What’s very interesting is that, according to Sars figures, average incomes in the Western Cape are only the seventh highest in the country.

If you delve deeper, you are sure to find that in many provinces average property prices are not only dropping in real terms but probably in nominal terms too.

**Emigration**

Then there is the other, more worrying trend: emigration.

It’s notoriously hard to find accurate figures for the number of people emigrating. Sometimes people just up and move without formally emigrating, which is now possible with the annual investment allowances: a substantial R11 million per taxpayer per year.

But we know people are emigrating in greater numbers all the time, especially wealthy white people. There is not a financial advisory business in this country that does not have an ever-increasing number of clients leaving either to Australia, Canada or the United Kingdom.

How do you tell a family, traumatised (but lucky to be alive) by gun-toting thugs who threaten to rape and kill your wife and child before your eyes, to stay and build the country? This is not uncommon anymore but we are so overwhelmed by the horrible crime-pandemic in this country that we almost do not have the emotional capacity to be shocked anymore.

Tucked away in the Wealth Report SA, released last week ([**FOCE-Wealth Report SA 2015**](http://www.moneyweb.co.za/wp-content/uploads/2015/03/FOCE-Wealth-Report-SA-2015.pdf?27aa18)) there are some alarming figures about the ever-growing numbers of US dollar millionaires who’ve left this country since 2007.

According to the report, the total number of dollar millionaires in the country has risen from 42 800 to 46 800, an increase of 9.4%.

This is despite values almost doubling on the Johannesburg Stock Exchange. Part of this underperformance can be attributed to the depreciation of the rand/dollar exchange rate over that period, but Econometrix economist Azar Jammine says it is also the weak performance of the SA economy and its inability to generate wealth.

**Taxpayers leaving**

I have a long joked among some of my friends who can stand my particular sense of humor that our biggest export product over the past 20 years has not been gold, platinum or iron ore: it’s been our taxpayers!

It would appear that my warped sense of humor has been right all along. By all accounts more than one million people have let or emigrated from SA over the past 20 years. These people would have formed a large portion of our now ever-dwindling corps of taxpayers in the country.

A further continuation of this trend could have serious repercussions for us remaining taxpayers in the country.

Tucked away in this year’s Budget Review you will find an interesting, but worrying table. There are only 78 543 taxpayers earning a taxable income of more than R1.5 million. You could fit all of them into the Cape Town stadium without filling it up.

But this band of men and women pay almost 12% of all personal income tax in the country.

If one further adds up all the taxpayers who earn over R500 000, 783 421 in total, you find that they pay almost 62% of all personal income tax in the country.

Already there is talk of a tax revolt brewing. This small band of taxpayers, whatever their political affiliation, is starting to feel disenfranchised and financially abused. They are not getting back much in return for their taxes, having to pay for services – such as policing, education and healthcare – that the government should have been providing but is not willing or able to do.

Bear in mind it is this small group of people who have the skills and the money to consider packing up: either semi-grating to the Western Cape or going all the way.

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