

## Guidelines to buying a game farm or wildlife property in South Africa:



### » **Objective:**

*"If you don't know where you are going you will never get there"*

The first step for the prospective land owner will be to define why he wants to buy land. You may be a hunter who always dreamed of hunting on your own African farm. You may be a serious conservationist, planning to get involved in conservation projects on the land or you could only be looking for a place where you can forget about the rest of the world and relax. You could also be an investor, looking for a good return on your property investment.

An important aspect to realize is that all land is not suitable for all purposes, e.g. – you may buy land and decide later on that you would like to start with a buffalo breeding program, only to find that the habitat, condition of the vegetation or size is not suitable for this purpose.

### » **Location, size of land:**

One of the first questions you'll be asked by an estate agent is what size of land you are looking for. "Small" and "big" are relative terms and you will find that a big area in some of the savannah areas is regarded as small in the Kalahari or Karoo areas.

*A small game farm in South Africa* is regarded as a farm where you can keep game but you are restricted with the species and number of animals you can keep. In some instances you may also be restricted by conservation authorities with the species you can keep. Many of these "small farms" are not economically feasible and owners buy these farms purely for relaxation or entertainment.

*Medium sized farms* normally have few restrictions concerning animals you can keep, but are restricted when it comes to keeping some of the Big Five animals (elephant, lion, buffalo, leopard and rhinoceros) both from an ecological and a legislative point of view. Farms with this size may be economically feasible or not, depending on the type of utilization.

*Big farms* are defined as areas with very little restrictions in terms of keeping of animals,

ecologically and financially.

*What is the ideal size?* Again it depends on the objective of the owner, the capacity of the vegetation/habitat to sustain animals and the legislation of the area.

*A good starting point:* To identify the vegetation area where a game farm will be purchased and decide on the minimum size required therefore.

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**Additional information for foreign investors:**

*The main vegetation areas in South Africa are:*

**a) Savannah biome:**

*Mixed bushveld in the Limpopo province, Mpumalanga and North-west province*

*Sweet bushveld in Limpopo province*

*Waterberg mountain bushveld in the Limpopo province*

*Mopane bushveld in the Limpopo province*

*Lowveld bushveld in the eastern parts of Limpopo, Natal and Mpumalanga*

*Sub-arid thorn bushveld mainly found in the Eastern Cape*

*Kalahari bushveld in the drier western parts of North West and Northern Cape*

*Coastal bushveld in Natal.*

*Savannah areas were historically the most populated by animals of varying types and therefore these areas are the most popular game ranching areas today. Currently approximately 50% of all registered game ranches are found in the Limpopo province, since most of the areas are considered to be savannah biome. A very popular game ranching areas is the mixed Bushveld. In this area a small sized game ranch is normally regarded as anything from 100ha to 1000ha. Medium sized farms are from 1000ha to 5000ha and big farms are from 5 000ha to 15 000ha.*

**b) Karoo biome:**

*This area has limited potential for game farming due to lack of suitable habitat for a larger variety of animals, as well as a low capacity in terms of available food. Bigger areas of a few thousand hectares are normally required to run a sustainable game farm.*

**c) Forest biome:**

*These areas are not suitable for game due to a limited amount of food within browsing height of animals, as well as lack of enough suitable habitat. Grazing is normally also very sparse. Very few game farms are found in these areas.*

**d) Thicket biome:**

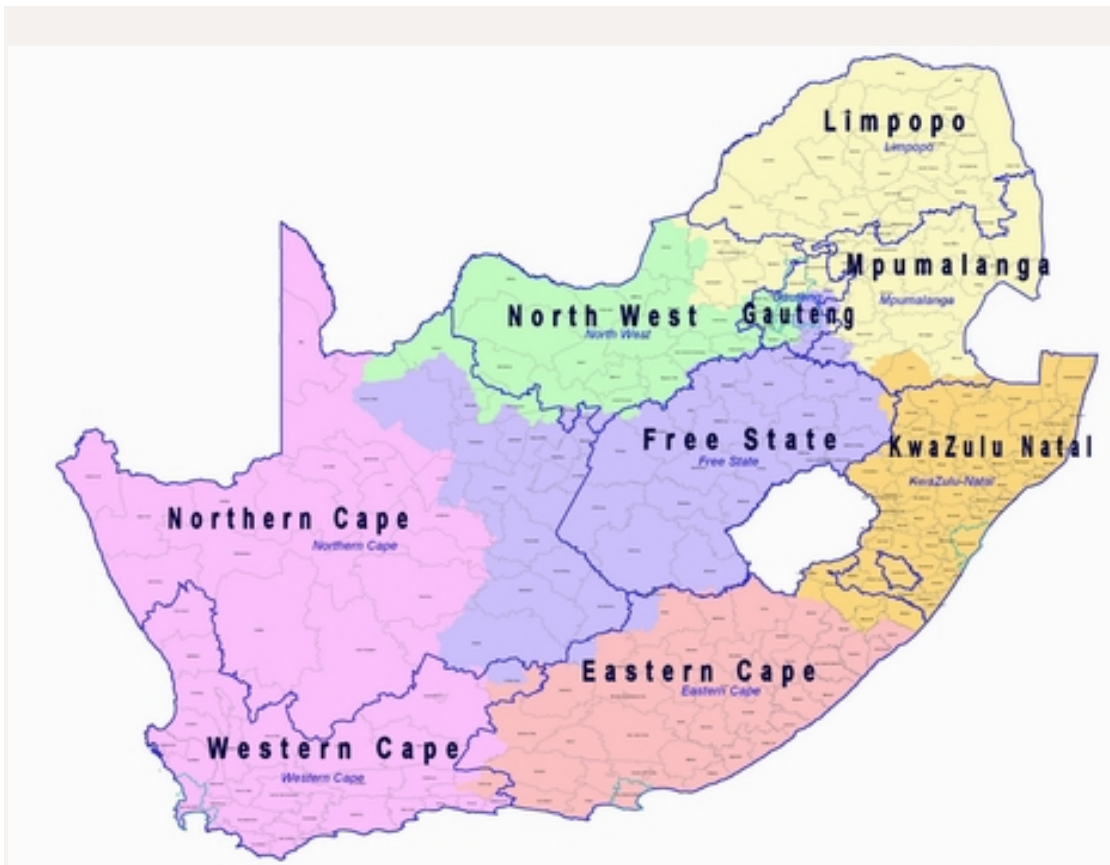
*This biome is very suitable for shrub feeding animals, but poor for grazers. It normally occurs together with the grassland and savannah biome, mainly in*

the Eastern Cape. It is well known for its sustainable provision of food during all seasons.

Land sizes vary from a few hundred hectares to 10 000ha.

**e) Grassland biome:**

This area is very suitable for grazers, but not for shrub feeding animals. Some of these areas have rocky outcrops with woody plants. More and more game farms are being developed in these areas.



**» Type of ownership:**

Most of the game farm properties in South Africa are individually owned.

*Some advantages:* Total control over all management aspects on your land.

*Some disadvantages:* Possible management problems due to time constraint. For this reason and other financial reasons, multi-ownership is sometimes preferred by individuals. Multi ownership could be in the form of a share-block or syndication, with the advantage of existing management of the property.

Other forms of ownership are to own land in a collaborative nature reserve or conservancy, where the land is individually owned but shared fences and management is used. These options are not common, since it requires shared objectives by different land owners.

**Additional information for foreign investors:**

*Multi ownership of game ranches/reserves in South Africa is normally not profit orientated and in most cases suitable for the land owner with the objective of relaxation and very limited involvement in any decision-making on the land.*

*An individual land owner has the option of employing a manager on the land - well trained and experienced managers are relatively common. Alternatively, an experienced management company can be used to manage any developments or continual management of the property. Refer to ***Ekofocus Management Solutions***.*

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» **Land Prices:**

Prices of land in South Africa have increased drastically from 2005 to 2008 and have stabilized slightly in the last year.

Land prices differ greatly from area to area and are directly related to:

- The tourism potential and proximity of land to city areas
- Size of land
- The amount of development on the land
- Landscape and esthetical value
- Carrying capacity for game

To illustrate this point the following example is given of land prices obtained from advertisements of land for sale in Limpopo Province:

Size of land	Proximity to big city	Esthetical value of area where located	Carrying capacity	Land prize advertised
400ha	100km	Average	Average	R20 000/ha
400ha	250km	High	Average	R15 000/ha
1500ha	250km	High	Average	R10 000/ha
1500ha	300km	Low	Average	R7 500/ha
1500ha	300km	Low	Low	R7 500/ha

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Unfortunately land price is not well related to the condition of the land or carrying capacity for game. This means that you may buy land at a relatively high price but with very poor potential for game farming. For these reasons it is wise to make use of a professional with extended ecological knowledge of the land and a good understanding of the potential utilization.



Typical big 5 reserves and farms close to the Kruger Park in the Lowveld can easily reach prices of R40 000 per ha, depending on the tourist potential.

#### » **Rainfall:**

A general rule in South Africa is that annual rainfall decreases from east to west. In the most northern parts of the Limpopo province the annual rainfall is also relatively low.

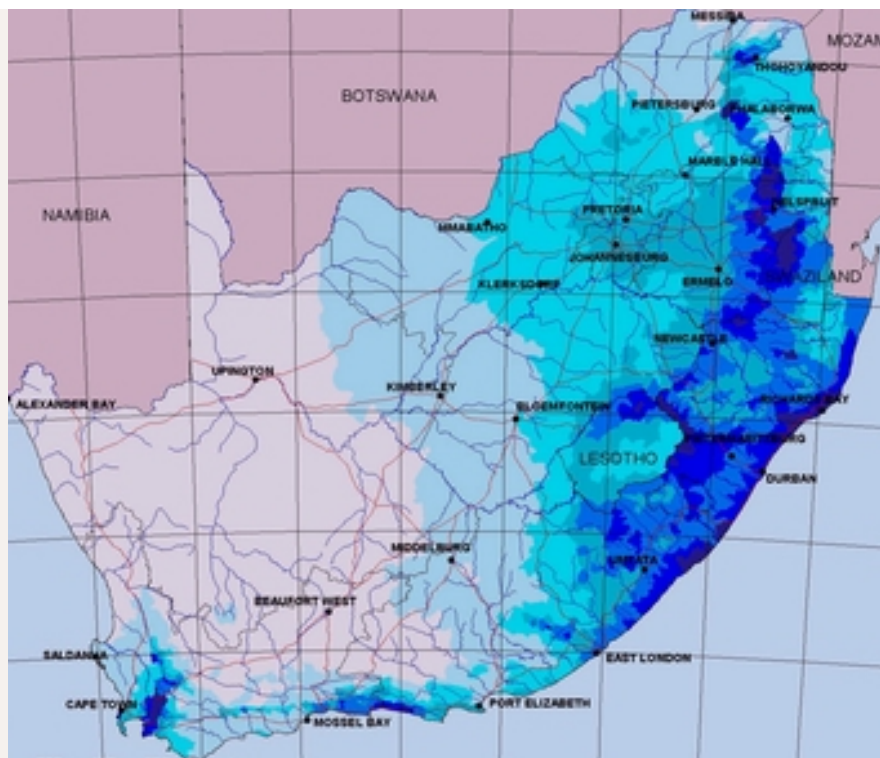
As one moves from northeast to southwest in South Africa the rainfall changes from summer rainfall to winter rainfall with typical Mediterranean type of weather in the southwest (Western Cape). Consequently these areas fall within the Fynbos (Macchia) biome with very low potential for game farming.

What does low rainfall mean for the game farmer? Although some animals are well adapted to arid conditions, many farms in the marginally dry areas are stocked with a big variety of animals

These areas may experience a few years with relatively acceptable annual rainfall. However, typical of these areas is the unpredictable rainfall. Adaptable management is required here and in some cases necessitates the removal of high percentages of animals with negative financial implications. These areas should ideally be stocked conservatively and therefore relatively large areas are required to ensure economically feasible areas.

**Additional information for foreign investors:**

*South Africa's rainfall varies between 800mm in the eastern coastal areas to 100mm in the sub-arid areas in the west. Ideal areas for game farming are areas with a rainfall over 400mm per year.*



**» Accessibility:**

With an ever faster-paced world we are living in, time has become a valuable commodity. The need for relatively accessible farms are rising and therefore also the price of more accessible farms. South Africa has a relatively good road network with excellent primary

roads. However secondary roads are not always well maintained and driving on more than 20km of gravel roads are not preferred by most people.

A high percentage of farms can be directly accessed from primary and secondary roads, however many land owners prefer land away from any roads, even secondary roads since these are a disturbance for a real remote bush atmosphere. Very few farms in South Africa are situated further than 50 to 100km from airfields or airports.

***Additional information for foreign investors:***

*Farms within a 150km radius from Johannesburg and Pretoria (Gauteng region) are highly sought after. These two cities are the closest to ideal habitat for a high variety of game species, however bigger farms (more than 3 000ha) are rarely available in these areas.*

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**» Shape of land:**

To ensure migration/movement without unnecessary competition between animals or potential injuries against fences, farms should ideally be as square as possible. Long and narrow farms require longer, more expensive fences

**» Security:**

How secure is it to have a farm in South Africa? Unfortunately the insecure situation on farms in South Africa has been a major topic in many of media releases in the last decade. To get better perspective on the situation, one must keep in mind the following:

- In the majority of cases, the farms where incidents occur are agricultural farms, with a very low minority of incidents on game farms
- In only 2,5% of cases the workers on the farm were involved in the crime.
- Farms with a high turnover of visitors and easily accessible from main public roads are targeted.
- Statistics include attacks on permanent workers.
- The highest number of incidents is in the provinces of Mpumalanga and Gauteng where the population density is much higher.
- The lowest number of incidents in 2003 was in the Free State, Eastern Cape and Limpopo province.

**Additional information for foreign investors:**

*When buying land in SA, a security analysis should be undertaken by the prospective owner. Security risks vary considerably – on one area the owner will need to ensure that sufficient security measures are implemented, however on most game farms, especially the remote farms very few additional security measures are required. You may even regularly find that buildings are not locked up at night.*

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» **Habitat/vegetation:**

The composition and structure of the vegetation on the land are probably the most important factors that determine whether a farm offers good habitat to game. Vegetation not only offers food to animals, but the structure or composition of trees to shrubs and amount of protection offered by bush clumps determine whether the specific species of animals will prefer the habitat or not.

Even grass composition and grass height will determine the species that will adapt to these conditions.

Other factors that should be investigated to determine the suitability for game are the rainfall, topography, temperatures, occurrence of fire and other factors.

Even within a habitat area, the condition of the land may vary from one farm to the next. For these reasons it is important to make use of an experienced ecologist who can advise on the potential of the land before land is purchased.

**Additional information for foreign investors:**

*The savannah biome is best suited for game farming in South Africa, followed by the Thicket biome. Other areas becoming more popular for game farming but limited in the availability of offering sustainable habitat for a variety of animals are the Grassland biome and Karoo*

*biome. The least suitable biomes are Fynbos and Forest biomes. The Savannah biome is further divided into 25 vegetation types with variable potential for game farming further accentuated by variable conditions.*

#### » **Potential for game:**

Many factors determine whether an area is suitable for the objective of the land owner. Suitability of the area for certain species is determined by natural aspects including historic occurrence of the animal in that area, topography, climate, vegetation, the condition of the land and natural occurrences such as fire.

However the market for tourists, potential market for game, legislation in that specific province, disease control, etc should also be investigated before any land is purchased for game farming/ranching.

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#### » **Utilization potential:**

Game related utilization of land can be divided into recreational, eco-tourism, hunting, game breeding and live sales or pure conservation. The best utilization option or the best combination of these will be determined by the following factors of the land:

- location of a farm,
- topography and variation in landscape,
- vegetation and habitat,
- size of the land,
- occurring predation,
- suitability for a variety of game,
- condition of the land,
- proximity to main tourist routes/areas,
- development on the land

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» **Minimum development requirements on the land:**

One of the minimum requirements to keep animals in a confined area is to have drinking water available. Drinking water may be in the form of a natural perennial stream or river or water should be acquired from bore holes. Although game do not require large amounts of water, water supply should be regular and sustainable. Presentation of water is also important since animals will prefer this as natural as possible. Furthermore water distribution on the land should be sufficient to ensure that animals are well distributed on the land.

One of the main characteristics of a game farm is the game fence. The fence may be very high to prevent game from jumping over or not so high in cases where crawling or non-jumping animals (herbivores) are introduced. Some species break fences and in other cases animals tend to be crawlers. The minimum requirements for keeping animals on the farm should be known and the farm that will be purchased should at least meet these minimum requirements.

Other aspects that should be investigated are the network of roads on the land, presence of loading areas for game and presence and condition of bomas (temporary holding pens). Buildings may or in some cases may not be present on the land.



**Additional information for foreign investors:**

*In many cases an old farm house (older than 40years) is present on the majority of farms and these may in some cases be suitable for upgrading and use by a farm manager or used as an office. The houses are normally on the most accessible part of the farm and not necessarily on the most beautiful part. In most cases new lodges are built by the new generation of land owners. The extension of electricity from these old houses is a limiting factor - ESKOM, a partially state-owned*

*electricity supply company in South-Africa may offer free distribution to a second point not further than 200m from an existing electricity point. Further distributions are for the client's account and normally payable over a 25year period.*

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» **Legislation:**

Legislation for game farms are relatively strictly controlled on provincial and national levels. Before buying land, it is important to verify that the activities, including introduction of certain game species are allowed in that specific area. Even so-called "unimportant" aspects like the presence of exotic plants on the land is important – it is against the law to sell a property with category 1 invasive plants on the land

» **Potential pitfalls:**

We have over the years identified the most important pitfalls of buying a game farm:

**Land claims:** The restitution of the land rights act was passed in 1994 to compensate previously disadvantaged (previously dispossessed from land) racial groups. In South Africa land owners are protected by the law in an orderly legitimate process with fair compensation in cases where land claims are settled. However, the agonizing wait, the court process and period when no development can be undertaken on this land is agonizing for the current owner. Certain areas in South Africa have a higher frequency of land claims.

**Bush encroachment:** Due to over-utilisation and absence of fires in certain savannah areas of South Africa, bush has become denser than it historically used to be. The result is poor visibility, poor game viewing opportunities and in some cases poor carrying capacity for game (due to a negatively influenced grass sward). Bush clearing is a slow and expensive solution, but needs to be done in most cases.

**Poor grazing condition:** Although a poor grass sward condition is obvious in some areas, it may not be so obvious in others. The reason is that in some areas, the grass species composition is negatively influenced without obvious visible signs.

**Loss of soil:** Most of the habitat degradation issues can be solved through rehabilitation programmes; however soil loss can not be compensated for. Ensure that no great areas with soil loss occur on the land that will be purchased.

**Legislation:** Many land owners have purchased land only to find out at a later stage that

the area is not suited for the game species they intend on breeding with or that the minimum size required by authorities is higher than the size of the land they purchased.

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### » **Investment and other financial issues:**

Most game farms in South Africa are sought after and purchased by high income business owners. The financial "back-up" from these investors seeking a lifestyle investment rather than an economically feasible game farm is the main drive behind the strong growth in prices of game farms over the past five to ten years. Farms relatively close to business areas with acceptable variation and aesthetically pleasing features are not common and therefore the seller's market prevails. Over the last ten to fifteen years, land prices have been soaring and therefore game farms in South Africa not only offer a wonderful lifestyle investment, but the capital gains involved are also very attractive. A percentage of game farmers are fully reliant on the income generated from game breeding, hunting and eco-tourism. Breeding of game, especially rare game species has become a very popular form of utilization driven by relatively high ROI (return on investment) potential. However with the 2010 world soccer cup approaching, the marketing of a very lucrative tourism destination offers promising income to land owners with tourism potential and facilities on their land



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