

# Cape Town now a beacon for property buyers



By [Tony Clarke](#)

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If you're planning to move to Cape Town and buy a home there, you should hurry up and do so as soon as possible. In fact, even if you weren't planning such a purchase, you might want to consider it right away.



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Those who leave their decision too long could just find themselves priced out of the market, or alternatively missing out on a great investment.

This is evident from the latest market report released by property data company Lightstone, which shows that while house price growth in most of SA's major metros has bounced along at between 4% and 6% for the past five years, house price inflation in the City of Cape Town has been on an upward trajectory since 2012 and is currently at around 12%.

## Prices rising twice as fast

In other words, prices in Cape Town are rising twice as fast as those in other metros – and this could create difficulties for those who are selling homes elsewhere with the intention of moving to Cape Town, unless they move quickly. As it is, they may already require more cash than they anticipated to put down as a deposit, or have to adjust their expectations and purchase a smaller property than they intended.

On the other hand, the trend is positive for those buying Cape Town property as an investment. Prices in the metro are set to continue to grow rapidly, thanks to the fact that there is an increasing shortage of supply relative to demand and a very limited amount of new development likely to change that situation, so investors here can look forward to much better-than-average returns for several more years.

One reason for the exceptional value growth in Cape Town, he says, is also outlined in the Lightstone report, which says that the Western Cape consistently attracts the highest number of repeat homebuyers.

So, while Gauteng continues to be the most attractive province for people migrating from the smaller cities, towns and rural areas, the Western Cape appears to be the focus for those relocating away from Johannesburg, Ethekwini and other metros – most of whom are repeat buyers.

## Repeat home purchases

Indeed, the Lightstone figures show that while the number of repeat home purchases in both Gauteng and KwaZulu-Natal has been falling off for the past few years, the number in the Western Cape has been growing steadily since 2011 – and contributing to the increasing demand for homes here.

What is more, says FNB household and property sector strategist John Loos, these repeat buyers are having a positive effect on the region's overall economy. "They are bringing purchasing power and skills to the Western Cape which may be transforming the province's economy into the one with the fastest longer term growth - and this could give even further impetus to its housing market, which has really bucked the trend in terms of average house price growth since 2010."

Writing in the FNB Property Barometer recently, Loos said that the Western Cape's reputation for being well-run and its offering of economic opportunity combined with a quality lifestyle, were further factors in favour of its property market, which was currently showing solid double-digit house price growth while the national average languished in single digits.

During the second quarter of this year, he noted, the national average house price inflation rate was 7,1% year-on-year, up from 6,4% in the first quarter. By comparison, the Western Cape saw year-on-year house price inflation of 12,1%, up from 11,4% in the first quarter and representing the fifth consecutive quarter of acceleration.

And the FNB figures show that the rate of growth is even higher in the City of Cape Town itself. During the second quarter, this reached 15,7% - with the next-best performers being Tshwane (6,7%), Ekurhuleni (5%) and Ethekwini (3,4%). This explains why the city is becoming an increasingly enticing prospect for both local and foreign investors.

## ABOUT TONY CLARKE

Tony Clarke is the MD of the Rawson Property Group.

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