

Long term view is essential for property investors

Reverting to a theme he has discussed regularly in his public statements, Bill Rawson, chairman of the Rawson Property Group, has once again reminded the 'growing band' of residential property investors that they have to learn to take a long term view of the property market.



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"Property statistics," said Rawson, "tend to follow the latest rises and falls of the average, low end, middle bracket and upper bracket prices. For an experienced estate agent, these figures can be very helpful indicators of what is happening to house prices throughout South Africa, but to someone coming into property for the first time they can lead to misconceptions.

"The new investor looking at the prices and rental rises - or the lack of them - can easily get the wrong impression. Even year-on-year analyses do not get the full picture - one has to learn to look at the value movements over five or even ten years."

Anyone doing this in South Africa today, said Rawson, is likely to realise that, although no one would claim that the proper market delivers the sensational results in comparison with certain shares, residential property has proved to be a stable and sound asset class, the increases in good years more than ironing out the decreases in recessionary years.

Right now, said Rawson, lower and middle bracket homes are experiencing the value rises investors look for, but upper bracket properties, particularly those above R10 million, are still often selling - if they sell at all - at a discount of former boomer prices when they were possibly overvalued. Nevertheless, he said, even this situation is changing and those agencies, like the Rawson Property Group, which have growing footprints in high end markets are finding that the rewards of their perseverance over the lean years are now paying off.

"The attractions of the residential property market are," said Rawson, "being reinforced by the on-going demand which, in many areas, now exceeds the available stocks and will, I believe, be strong enough to shrug off any negatives which may arise from the elections or a further 1% to 1,5% increase in the interest rates this year."

Reverting again to a theme that he has propounded previously, Rawson said that in today's residential markets there are many areas where value rises have been way ahead of the national average, so much so that some commentators have said that this could indicate that property is heading for a bubble which will burst.

"This is one opinion which I definitely do not share," said Rawson. "I think that the price rises in areas like Newlands, Rondebosch or Upper Claremont in Cape Town, Umhlanga in Durban or Fourways and Rivonia in Johannesburg are here to stay."