

Properties in certain areas show excellent growth in past five years

Bill Rawson, chairman of the Rawson Property Group, has drawn attention to a summary of the South African residential property market recently compiled by Joan Muller of the *Financial Mail*. This review contains all the relevant data and gives support to a recent statement that many areas throughout the country always will and continue to buck the slow growth trend producing good growth figures - many appreciating in the recent years of $\pm 10\%$ per annum.

The survey starts with a raft of discouraging data, which are by no means typical of the market as a whole. Among the more discouraging facts quoted are:

- By the third quarter of 2009, monthly house sales were down from over 30 000, to a record low of 14 000. Recently they have averaged only 17 700 per month.
- On average banks today require 18% cash deposits from buyers (a figure released recently by the bond originators OOBA), but despite this fact, the majority of potential less affluent buyers still require 100% loans.
- Absa figures show that house growth was at $\pm 7\%$ in 2010, but dropped to $\pm 2\%$ in 2011 and this year stands at only 1.3%.
- Most property economists now expect house price growth to remain in single digits for the foreseeable future.
- Although interest rates are at an all-time 31 year low, borrowers very seldom qualify for prime-minus rates and it is more than possible that prime plus 2% or 2.5% will be the norm in the next two to three years.
- Smaller profits on home sales, particularly at the upper end of the market, are dampening the upgrading process, making it necessary to stay longer in homes.

Cape Town has strongest growth

However, on the positive side many areas have shown excellent growth. Cape Town house prices in particular have generally risen at a faster rate than those of Johannesburg, Pretoria and Durban. The upward trend here is often related to the number of homes coming on stream in gated estates, and this figure has increased exponentially in the last ten years.

This being the case, it should come as no surprise to find that Sunset Links Golf Estate, sited between Milnerton and Table View, is listed as Cape Town's top performing precinct, with a three to five year growth rates of over 36%. Sunset Links is

followed by Clifton, with growths of between 21.3% and 23.8% over five years, while in the less affluent areas of Gordon Heights, Klipdam, Pinehurst, Arauna and Monte Vista have all achieved growths of 26% to 35% over five years.

Gated estates lead the way

Similarly in Johannesburg, golf and gated estates have seen the fastest growth rates, with Eagle Canyon Golf Estate in Honeydew, Dainfern near Fourways and Kyalami Estate being the top performers, all showing growths of over 20% over five years. Certain areas in Pretoria also show the same ability to buck the trend, with gated estates again leading the way - Southdowns Residential Estate and Woodhills Estate and Country Club are now both achieving over 9% annual increases. Over a five year period Southdowns Residential Estate values have risen by 27.8% and Woodhills Estate by 26.5%.

In Durban, too, five year price growth of over 20% has been achieved in a great many areas, such as Newlands East, La Mercy, Crestholme, Virginia and Harwood Park, while Kloof and Westville are holding their own against the inflation rate. In general, Durban prices have not risen as strongly as other major cities.

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