

# Consumers' property needs are evolving

By [Adrian Goslett](#)

24 Oct 2016

Property needs in South Africa are evolving as more and more people move into urban areas. In 1960 around 46.6% of the population lived in urban areas, however, that figure has changed dramatically with around two-thirds of the South African population now living in metropolitan hubs.



© dodo hawe – [123RF.com](#)

According to a survey released by the South African Institute of Race Relations, the proportion of people living in urban areas increased from 52% in 1990 to 62% in 2011. The share of those living in rural areas dropped from 48% to 38% over the same period. Urban living surpassed rural living in South Africa in 2009. Currently, South Africa has a higher urbanisation rate than the world average and it is expected to continue increasing at a rapid rate. As a result density, scarcity and re-urbanisation will be the key long-term themes in the property market for some time, as the current stock does not support the growing demand for urban property.

## Major causes

There are two major causes that have brought about the trend; one being that people in post-apartheid South Africa have more freedom to move around, and the other is that there is higher economic growth within metropolitan areas. People are drawn to urban areas because there are greater employment opportunities. Urbanisation has created a concentration of economic activity, which is alluring to people who need jobs. The largest percentage of growth in urban areas has been in the smaller cities, this is mostly because of these areas having a small initial population, increasing economic activity and less competition.

Urbanisation is not a trend that is unique to South Africa. Globally around 54% of the world's population currently lives in urban areas, which is around 3.9-billion people. It is estimated that this will grow to around 66% by 2050, which is in the region of 6.4-billion people. It is expected that as a continent, Africa's rate of urbanisation will overtake Asia's by the year 2030.

## Property stock

Currently the property stock in South Africa is mostly full title homes, with this type of property accounting for 82.7% of the current market stock. Sectional title homes represent around 12% of the property stock, while estates make up the

remaining 5%. As the population continues to push into urban areas and land becomes more and more scarce, it is likely that there will be far fewer full title homes being built.

According to statistics from ABSA bank, in the last 20 years, flats and townhouses have made up 26.6% of newly completed buildings. In the last three years, around 36% of all residential development units financed by ABSA, were sectional title units. Sectional title homes are in great demand due to a few reasons, such as financial pressure on consumers, inadequacy of land and a changing demand for lifestyle. It has been said that full title properties may well become an impractical and outdated luxury for most South Africans.

The changing property needs within the country are no longer merely a trend, they are a reality. People are migrating to suburban inner-city areas where they can live, work and play, eat and shop. This not merely because it is the place to be, but rather because of the convenience and lifestyle urban living provides.

For more, visit: <https://www.bizcommunity.com>