

This is why properties in the Cape are still fetching excellent prices

According to a study done by Seeff Property Group, based on data from Lightstone and Propstats for the period 2011/2 to 2016/7, Cape Town is now home to nine of the 10 richest suburbs in the country, up from seven just two years ago.



Clifton tops the list with an average selling price of R23m. Only one Johannesburg/Sandton suburb, being Sandhurst ranks in the top ten at fourth place with an average selling price of R16.5m. This is two places lower since late 2015, while Westcliff and Dunkeld meanwhile have dropped off the top ten list altogether.

The top ten rank as: Clifton (R23m), Llandudno (R17m), Bantry Bay (R16,9m), Sandhurst (R16,5m), Camps Bay (R16,2m), Fresnaye (R16m), Waterfront (R16m), Higgovale (R16m), Bishopscourt (R15,1m) and Constantia Upper (R11,6m).

Super luxury sector

Samuel Seeff, chairman of the Seeff Property Group, points out that the decline in the rankings of the top end Johannesburg and Sandton suburbs become even more pronounced in the R20m-plus super luxury sector.

High net-worth buyers are just not investing at the same levels in Sandton and even less in Pretoria East. He says that the palatial homes there are still struggling to achieve the pace of sales and prices that the Atlantic Seaboard and City Bowl are

achieving.

Lightstone data shows that for the Joburg/Sandton area, an average of six to seven residential transactions priced above R20m were recorded annually between 2010 and 2015. This increased to 10 transactions over the last year. Only three Pretoria East residential transactions appear to have taken place since 2010.

Comparatively, 20-50 transactions were recorded for the Cape in the 2010-2014 period, rising to 67 last year; three times more compared to Joburg, Sandton and Pretoria East.

Semigration to the Cape

By early June this year, there had already been 44 transactions above R20m generating over R1.1bn in revenue. Incidentally, 30% of these were to Joburg buyers, a handful from KZN, and only a few foreign sales (mostly UK and German buyers), the latter being less than 10%, and, says Seeff, far less than commonly perceived.

Where prices have comfortably reached the R100m to R200m-plus price levels on the Atlantic Seaboard, Pretoria East has only had a single sale of R45m (Waterkloof, 2014) and R66m in Sandton (Empire Place, Sandhurst, 2016). Even in the City Bowl, Seeff has just concluded a record R34m sale and in Hout Bay R32m.

Seeff adds that he would have expected the figures to have been reversed, i.e. Joburg/Sandton achieving more sales and much higher prices considering Sandton's status as the wealth capital of the continent and the wealth there is enormous, he adds, while Pretoria East is home to the premier government and ambassadorial belt.

Service delivery and corruption

Seeff explains the lack of confidence in the Gauteng property sector highlighting that buyers and property investors, not just at the top end of the market, but across the board, want to know that they are investing in areas where service delivery and zero tolerance for corruption are hallmarks. They want to know that their investment is not just safe, but that it will grow in value.

The shift in government in both the Johannesburg and Pretoria metros have been welcomed, says Seeff, but only once major inroads have been made there in terms of service delivery and cutting corruption can we expect sales volumes and prices at the top end to start catching up to the Cape.

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