

6 property development trends forecast for 2020

2020 brings a fresh wave of design concepts and investor trends to the development industry. Creating concrete jungles that feature greenery, raw design trends and the rise of short-stay tenants in sought-after suburbs are some of the elements we will see in 2020.

By [Jacques van Embden](#) 18 Feb 2020



Jacques van Embden, MD, Blok

We believe that what people are really looking for is confidence in what they're buying and that it is going to put a lot of pressure on anyone building homes to put together an amazing package that helps consumers get off the fence.

1. Short-stay letting

Short-stay letting is a growing phenomenon for lifestyle cities. Almost every lifestyle city in the world is seeing an increase in the number of nights booked per annum on homestay platforms. In 2018, AirBnB grew economic activity from bookings and value added services in South Africa from R5bn to R8.5bn and about 70% of that was attributed to Cape Town. In 2018, Airbnb reported a 65% year-over-year growth on guest arrivals in South Africa. That growth is astounding and fundamentally down to the appeal of homestay and short-term leasing.

More and more individuals are factoring in the potential revenue from homestay letting when purchasing a property, such as letting out their home whilst they are traveling – a unique way to build more income on the side. We envision that people who are lucky enough to buy in areas that are sought-after for homestays are going to start factoring this into their purchase decision, as property is expensive and homestay revenue is a means to supplement the financing of it. AirBnB says the 'typical' host shared their listing for less than two days a month and earned around R34,400 a year. AirBnB reports that up to 15% of hosts spend their earnings on rent or a mortgage.

2. Sophisticated design

But, when it comes to homestay apartments, design is increasingly important. Travellers want a well-put-together interior; gone are the days where you can just slap some average furniture into the apartment. What we are seeing as the market grows is that the appeal for more sophisticated design is on the rise. Travellers are looking for something that not only looks good, but a location that they would be excited for friends to visit or join for dinner.

You have to have a product that not only looks great and is functional from a short-stay guest perspective, but also a space that offers additional facilities, whether it be some sort of communal area, a pool, a gym, a tanning area, a laundromat, whatever features give them more options when they travel. If one finds an investment that has those extras included in it, then it is a win and will result in a higher average daily rate, as well as a higher occupancy.

3. Location

The age-old adage, “location, location, location,” still stands: in very popular suburbs, globally, it's very difficult to get hotels out the ground because the land is so expensive. Take Sea Point or Barcelona as an example, very often there happens to be refurbishment, which is a 5-10 year project, but a combat to that is homestays, as they can bring very interesting accommodation into some of the best suburbs to live in.



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4. Raw design

Developers are going to need to make truly beautiful products with much lower cost finishes, saving money on input costs and in doing so reducing the per-square-metre rate for the customer. We see design moving towards raw developments, which is all about delivering better value for the customer. As customers are going to be constrained for the next few years anything a developer can do to try and reduce the actual costs of making projects in a way that remains viable is critical.

5. Concrete jungles

From a design perspective, what we hope to see is buildings that become more full of life with planting. What one wants to avoid is a concrete city and rather have a concrete jungle. Imagine big buildings covered in plants. If you look at Buenos Aires or Tel Aviv, even though they are medium-rise cities, they are covered in plants, because all of the architecture take greenery into the design, which makes a very breathable, user-friendly cityscape. This is also quite a cost-effective way to make something great to live in. When you are looking at greenery in a home, it is just synonymous – it makes a space a home.

6. A confident future

On a macro level, the trends are going to be under the pressure of a very tight economy in 2020, meaning developers are going to have to get a very strong value proposition in order to encourage consumers to transact; consumers are still fairly nervous about the future and they are only going to make decisions when they are truly confident about the future.

ABOUT THE AUTHOR

Jacques van Ernden, MD, Blok

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