

Benefits for Property in High-Speed Broadband

The advent of faster, cheaper broadband services to South Africa when it is connected to the world via the Seacom undersea cable will undoubtedly benefit the property market.

So says Gerhard Kotzé, CEO of the ERA South Africa property group, who notes that South Africans are only just beginning to grasp how far-reaching the impact of the coming communications revolution will be.

Referring to the commissioning of new undersea cables connecting South Africa to the rest of the world in time for the Soccer World Cup next year, Kotzé says there will be huge spinoffs, such as being able to provide schools across the country with less expensive access to the Internet, and significantly lowering the cost of doing business.

“In addition, the reduced cost of Internet and related communication services will benefit many households by lowering their monthly outgoings - and enable more households to have an at-home Internet connection. We expect this to give rise to a new wave of home-based businesses, and demand for properties with additional space to accommodate these enterprises.

“We also expect to see commuting routes and times become less important considerations in home purchase decisions as more corporate employees are enabled to work from home much of the time. This will not only take pressure off our road systems but strengthen the trend towards out-of-town living.”

He says that while IT connectivity is virtually indispensable in today's world, SA is currently clearly disadvantaged in this respect. “It's common knowledge that our broadband costs in South Africa are vastly more expensive than international markets. Quite apart from raising the cost of doing business in this country and discouraging potential investors this also means the ordinary consumer's household costs are unnecessarily inflated.

So it's not too much of a stretch to also imagine that cutting the costs of these services will help first-time homebuyers to qualify more readily for bonds in terms of the National Credit Act restrictions, which assess applicants on the basis of their ability to service home loans, taking into account their monthly expenses, including, of course, all IT costs.

“In short, the broadband revolution means we can look forward to households having more disposable income, more flexibility and more property purchasing muscle.”