

Coastal Sales Prospects Look Good

The coastal property market has been languishing in the doldrums for the past 18 months but indications are that it may have turned the corner and with the peak holiday season coming up, expectations are that it will be a good sales period.

"The latest FNB residential property barometer highlights the fact that coastal property buying is holiday home-driven and is therefore subject to cyclical trends that depend very much on economic conditions," says CEO of the ERA property group, Gerhard Kotzé.

"It shows that the inland areas have done better than the three major coastal markets since early 2005. Up until that point, coastal property had out-performed inland areas for years. Pent up demand for coastal homes may now be coming through."

A straw poll of ERA coastal offices lends support to Kotzé's view, despite this month's interest rate increase. Nick Hill of ERA Atlantic Seaboard in Cape Town says all agents are extremely busy and there are plenty of good, qualified buyers in the market.

"Some sellers are unfortunately still holding out for unrealistic prices but where stock is correctly priced, it sells in less than a week. The National Credit Act (NCA) has had no great impact on the arc from the waterfront to Camps Bay but from the City Bowl to Woodstock it has had an influence. Motivations for buying vary from investment to simple transfers."

ERA's Jeffreys Bay principal Estelle de Vos says a number of new developments are likely to spark activity over Christmas.

"We have a new golf estate with stand prices beginning at R299k, a new security estate and marina with units starting at R599k and numerous other developments including a shopping centre and retirement villages. Building costs are still reasonable in this area and buyers perceive genuine value in Jeffreys."

Roy Taylor of ERA Sun in East London is also expecting a good holiday property sales season. "East London's economy is doing well. There is plenty of development and ample property stock. Sales are taking longer but the market is holding up well. We are optimistic about the year-end demand."

All along the Kwazulu-Natal coast, holiday rental bookings are lower than usual but are expected to pick up as the year-end approaches.

Carol Pienaar of ERA Unique in Amanzimtoti says the petrol price, interest rates and the NCA have definitely slowed the market down but that "the smart money is here looking for bargains and many cash buyers have emerged".

"The overall coastal property market picture is thus one of quiet optimism with a solid if unspectacular sales season in prospect," Kotzé says.