

Projects Abound in St Francis Bay

The wellspring of new development taking place in the coastal town of St Francis Bay is unlikely to slow in the foreseeable future – provided developers keep their pricing market-related.

So says Les Olivier, principal of the St Francis Bay franchise of Independent Property Consultants (IPC).

According to Olivier the entire Kromme River/St Francis Bay market is booming, regardless of the country's upwardly mobile interest rate. Commenting on the back of the unprecedented pace of new leisure and residential development in the residential marina, Olivier says its appeal lies not only in its standardised thatched architecture but also its unique canal system that accesses the Kromme River and feeds into the Indian Ocean.

In addition, its surfing is world-renowned, it is just an hour's drive to the airport in Port Elizabeth and en route to Plettenberg Bay and Knysna.

While much of the purchasing pool, whether end-users or holiday and second home buyers, is still embracing outright ownership, she says there is a strong trend towards fractional title ownership. This has brought a new dimension of affordability to exclusive holiday destinations such as St Francis Bay, which has traditionally been the domain of privileged, professional families and wealthy local and overseas investor buyers.

A case in point is The Lodges on the St Francis Links, a Jack Nicklaus signature golf course. Construction of the first three fractional title units is at roof height, with sales now sitting at 25%, says Vernon Wait, spokesperson for the development company Innova Properties.

Priced at R420k for a titular share, each part-owner receives a 1/13 "brick and mortar" share in a lodge and four week's annual usage. Buy-in has been particularly keen by golfing enthusiasts, investors and families who relish time in a safe, upmarket coastal environment, he says.

"Rather than spending millions on second and third homes, which are often only utilised for a few weeks every year, people are in many instances opting to share ownership of titled leisure assets. Not only is it far more affordable than an outright purchase but it also satisfies the desire by most South Africans to own, rather than, rent property. In addition to the usage factor, they like the investment aspect and that their asset can be sold or bequeathed," he says.

Predicting annual capital growth of around 10% on units and net rental income to exceed annual levies, he says the huge shortage of bed nights in the area is well on its way to triggering a rental boom.

The styling is based on a contemporary African theme.

Other blue-chip developments in and around St Francis Bay include Kromme River Estate, which comprises 30 freehold river stands. Launched and sold out within 12 months by IPC, Olivier says 13 homes have already been built on water stands commanding prices of around R2m.

The old village hotel has been revamped into luxury sectional title apartments and renamed St Francis Court, while St Francis Bay founder Leighton Hulett's original homestead is now a 28-stand residential development. Prices on the latter range from R795k to R2m.

On the Oyster Bay Road side of the Kromme River, six out of ten stands in the new Candlewoods development have been snapped up, she notes further. In the suburb of Santereme, 10 freestanding Tuscan-style sectional title homes, some of which offer sea or river mouth views, are under construction in the Silverseas development.

According to Olivier, buyers come from all over the world, from Jordan and the United States to Johannesburg and Cape Town.

"The St Francis Bay property market is an investor's dream because it is always buoyant, and particularly so during peak holiday season."

This, she says, makes it extremely unlikely that the area's mushrooming new development could result in a glut. "The only

time there could possibly be an oversupply of new units is if developers over-price their units," she believes.

"The whole of St Francis Bay offers excellent growth potential and the last two years in particular have been phenomenal, especially in terms of sales of waterfront properties, which have yielded the highest returns."