

## **Property Sales Still Booming**

### **Property barometer lists the best and worst performing price growth suburbs**

Properties worth nearly R19bn in the price bracket below R2,5m each were registered at the Deeds office last month.

This is the second highest level since a peak in November 2005, when the value of properties registered was R19,8bn.

“Activity like this shows the property market is not cooling,” said Ed Grondel, FNB’s CEO of Homeloans.

In spite of the latest rate increase, he continued, the residential property market has remained relatively stable.

“The rate hikes have been absorbed and have had little impact on market activity and sentiment,” maintained Grondel. He attributed positive market sentiment to the summer months and more realistic property prices.

Speaking at the presentation of FNB’s Property Barometer for the third quarter of the year, Grondel noted that market confidence was higher than it was a year before and property professionals were optimistic.

The barometer determines the market sentiment of 150 real estate professionals active in the major metropolitan areas.

The report said that 23% of buyers are first time buyers and the middle-to-lower market continues to show higher growth levels than the upper-market.

Foreigners make up around 4% of the market, which is half of what it used to be a few years back, Grondel added.

The FNB data showed that growth in lower-priced homes in the major metropolitan areas of Johannesburg, Pretoria and Cape Town was more than 19% year-on-year.

Premium properties, valued at more than R900 000 and less than R2,5m achieved the lowest price growth. Pretoria recorded year-on-year growth of 7%, while prices of luxury homes in Cape Town and Durban grew 4% y/y.

In Gauteng, the top performing areas in terms of year-on-year price growth included Lenasia, Krugersdorp and Germiston.

Suburbs such as Lonehill, Meredale and Orange Grove reported the lowest year-on-year growth of less than 3%.

Price growth in Gezina in Pretoria was 70% y/y, while Arcadia was the worst performer at 2%.

Grondel pointed out that the racial breakdown of buyers hasn't changed much over the past few years. According to estate agents, black buyers account for a quarter of all property purchases and white buyers 55%.

The barometer found that houses were on the market for an average of eight weeks before being sold and that around 64% of homes were sold at less than the asking price.

"There has been a decrease in the properties not realising the sellers prices, from 74% to 64%, and this is a strong indicator that the buyer is becoming a more power player," added Grondel.

In addition, compared to a year ago, properties are not staying on the market any longer.

According to the report, the shortest time properties stayed on the market for was five weeks in the fourth quarter of 2004.

Approximately one in five residential properties is bought to rent out and trends indicate that buyers are purchasing two-bedroomed townhouses ranging from R400 000 to R700 000.

Grondel pointed out that buy-to-let investors are not buying free-standing houses. "If you have a townhouse, flat or apartment, you will find tenants."

| City & Suburb            | Y/Y price growth | City & Suburb       | Y/Y price growth | City & Suburb                   | Y/Y price growth | City & Suburb                | Y/Y price growth |
|--------------------------|------------------|---------------------|------------------|---------------------------------|------------------|------------------------------|------------------|
| <b>JOHANNESBURG</b>      |                  | <b>PRETORIA</b>     |                  | <b>CAPE TOWN</b>                |                  | <b>DURBAN</b>                |                  |
| <b>Top</b>               |                  | <b>Top</b>          |                  | <b>Top</b>                      |                  | <b>Top</b>                   |                  |
| Lenasia South            | 74%              | Gezina              | 70%              | Beacon Valley (Mitchells Plain) | 50%              | Point                        | 45%              |
| Kenmare (Krugersdorp)    | 71%              | Pretoria Central    | 64%              | Strandfontein (Mitchells Plain) | 46%              | Newlands East                | 44%              |
| Elsburg (Germiston)      | 67%              | Doringkloof         | 41%              | Lotus River                     | 33%              | Woodlands                    | 44%              |
| Lawley (Lenasia)         | 56%              | Danville            | 39%              | Belhar                          | 32%              | Caversham                    | 42%              |
| Impala Park (Boksburg)   | 54%              | Doompoort           | 38%              | Rocklands (Mitchells Plain)     | 31%              | Ocean View                   | 41%              |
| Turffontein              | 53%              | Theresapark         | 34%              | Gardens                         | 31%              | Windermere                   | 37%              |
| Bez Valley               | 47%              | Lytelton Manor      | 29%              | Rosebank                        | 30%              | Hayfields (Pietermaritzburg) | 34%              |
| Westonaria               | 45%              | Valhalla            | 28%              | Kleinvlei (Blue Downs)          | 30%              | Montclair                    | 30%              |
| Walterspark (Roodepoort) | 44%              | The Orchards        | 26%              | Somerset West Central           | 30%              | Escombe (Westville)          | 29%              |
| Kensington               | 42%              | Silverton           | 25%              | Claremont                       | 29%              | Parkhill                     | 29%              |
| <b>Bottom</b>            |                  | <b>Bottom</b>       |                  | <b>Bottom</b>                   |                  | <b>Bottom</b>                |                  |
| Blairgowrie              | 6%               | Waterkloof Ridge    | 13%              | West Beach (Milnerton)          | 9%               | Wentworth                    | 13%              |
| Craighall Park           | 6%               | Rooihuiskraal North | 12%              | Green Point                     | 9%               | Waterfall (Kloof)            | 10%              |
| Bonaero Park             | 5%               | La Montagne         | 11%              | Table View                      | 7%               | Westridge                    | 8%               |
| Birchleigh North         | 5%               | Villieria           | 11%              | Plumstead                       | 5%               | Westville                    | 8%               |
| Westdene                 | 4%               | Meyerspark          | 7%               | Rondebosch                      | 4%               | Umhlanga Rocks               | 7%               |
| Oakdene                  | 4%               | Elardus Park        | 6%               | Oak Glen (Bellville)            | 4%               | Amanzimtoti                  | 6%               |
| Orange Grove             | 3%               | Sinoville           | 6%               | Ottery                          | 4%               | Umdloti Beach                | 4%               |
| Meredale                 | 3%               | Pretoria West       | 6%               | Hout Bay                        | 3%               | Umbilo                       | 3%               |
| Lonehill                 | 2%               | Arcadia             | 2%               | Fish Hoek                       | 2%               | Essenwood                    | 1%               |