

Western Cape property market outlook promising provided Omicron contained

2022 looks to be a very promising year for the Western Cape's property market, according to Arnold Maritz, co-principal for Lew Geffen Sotheby's International Realty in Cape Town's Southern Suburbs and False Bay, provided the impact of the latest Covid variant can largely be contained.



Source: Supplied

"Most of the property sectors in Cape Town have fared well this year compared to some of the inland cities across the country and we've also seen a promising revival at the top end of the market which has borne the brunt of the downturn.

"Looking at the 12-month window from March 2019 to February 2020, Propstats data shows a total of 209 luxury homes (R10m-plus price band) were sold in the Cape Town peninsula during that period at an average selling price of R17.3m.

"In the most recently reported 12-month period, from November 2020 to October 2021, 266 properties in this price band changed hands, with an average price of R18m. The increase in volume from pre-Covid to post-Covid is thus a significant 27%."



Source: Supplied

Three significant trends

According to Lightstone, price inflation in the Western Cape has risen steadily this year, from just 4.3% in 2020 to 6.9% by the third quarter of 2021. Maritz says that there were three noticeable trends in the province during 2021, all of which were significant market drivers.

“The first is a renewed preference for purchasing a property rather than renting which has been largely due to the favourably low interest rate and saw the number of first-time buyers increase for the first time in a number of years.

“The second trend has been a move away from the low-maintenance, compact apartment-style living in preference for larger freehold freestanding properties with more space and at least some garden. This shift is largely as a consequence of the ‘cabin fever’ experienced by many during hard lockdown.

“The pandemic has also sparked the third trend which has been an increased number of people looking to move away from the larger metros to smaller towns and coastal areas, due to their new-found ability to work from home. This has also sparked a new wave of semigration to the Western Cape.

“According to the main findings of an assessment of semigration trends presented by Lightstone’s head of digital, Hayley Ivins-Downes, middle class homeowners are leaving Gauteng in increasing numbers, with the Western Cape as their

preferred destination and we are also fielding increased inquiries from other provinces.”

Chris Cilliers, CEO and co-principal for the group in the Winelands, echoes Maritz’s sentiments regarding market revival and the impact of the new variant: “This year we saw a significant rise in market activity and with the local market driven by pent-up demand and semigration.



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Renewed international interest

“There has also been renewed interest from international buyers taking advantage of the weaker rand which will certainly be affected by South Africa’s red list status, however, if the travel ban is lifted again soon, we are confident this sector will pick up again.”

The luxury market has also rebounded in the Winelands and Cilliers reports a “fantastic year in terms of high-priced properties”.

“Our biggest worry has been stock shortages – even at the top end of the market – as demand has to a large extent outstripped supply in many of the areas in which we work.”

Another popular area is the Garden Route and, according to Steve Neufeld, manager principal for Lew Geffen Sotheby’s International Realty in Plettenberg Bay, by the end of October it had already become clear that 2021 is set to surpass previous years and that semigration was one of the key drivers.

“For the property market as a whole, the average value increased by 9% from 2019 to 2020 and then a dramatic 38% in 2021 to R3,4 million. From 2019 to 2020 the number of sales increased by 20% to 418, and the total value increased by 30% to R1,058 billion.

“Buyers are still predominantly from Gauteng and Plett at around 30% each, although Gauteng is a little higher this year, followed by Cape Town (12%) and 20% from the other provinces combined with international buyers making up about 8% of the market.”



Source: Supplied

Entry-level prices are increasing

Neufeld adds that entry-level prices are increasing this year.

“Full title homes now start at about R1.85m, up from R1.75m in 2020 although, with stock shortages, it’s hard to find anything below R2.2m and the entry level for sectional title units has increased from R750,000 to R950,000. Vacant land starts at about R295,000 in gated estates and R525,000 in open areas (up from R425,000).”

And the previous historical record sale price of R50m for residential property in Plett, which was set in 2006, was also beaten this year with the sale of a R55m beachfront home on Beachy Head Drive.

“In 2020 the highest price achieved was R44m for a beachfront home in a gated estate on Robberg Beach and in 2021 there have already been 19 sales above R10m.”

Overall, the impact of the pandemic on the Western Cape market has not been as dire as was initially feared, however, Maritz believes much depends on the management and outcome of the current fourth wave.

“People employed in the entertainment, travel and tourism industries to name a few, were hardest hit and staying on the property ladder has been very difficult for many but this impact on the market has been somewhat ‘balanced’ out by the influx from other inland cities.

“And if the pandemic has taught us anything, it’s that we are adaptable, and if we can continue to work together and make the necessary changes as needed, we will get through this and our lives – and the world – will go on.”

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