



Average property prices on the Atlantic Seaboard have exceeded R15m, with a number of super-luxury homes, such as this one in Fresnaye, on the market.

PICTURE: SEEFF

Super-luxury Seaboard homes pass R15m mark

DESPITE more subdued trading conditions over the past two years, the average selling prices of super-luxury homes in the Atlantic Seaboard's top five suburbs, which are also the top five suburbs in the country, have surged past the R15 million average selling price for a full title house and is edging closer to the R20m price mark, says Seeff's luxury market team for the area.

Agents say while overall sales have been slower since early last year, buyers have still paid significantly for the right properties.

"We see, for example, full title sales in the R20m-plus sector for 2017 exceeded R1 billion at an average selling price of R32.5m, most of these coming from the big five suburbs. Prices range to more than R100m in Clifton," says Seeff's Lance Cohen.

Based on a mix of Propstats and Lightstone data, and without anomalous sales, the top five suburbs and their average full-title selling prices are:

- Clifton – R18m
- Llandudno – R17.8m
- Bantry Bay – R17.7m
- Camps Bay – R17.7m
- Fresnaye – R16.6m

Waterfront apartments across the Atlantic Seaboard also continue to defy gravity, with the total rand value of sales at the Waterfront, including the Silos, for 2017 up by 44%, Seeff says.

According to Property Fox's founder Crispin Inglis, the company's smart evaluation tool reveals the average cost of homes in Vredehoek will increase from R4m in 2017 to R18.4m in 2025, while in Camps Bay it will increase from R15.675m to R55m.



The average property price in Camps Bay is predicted to be R55m by 2025.

PICTURE: PIXABAY

Big demand is for cheaper houses

HOUSE prices and the types of homes people are looking for seem to mirror the country's economic and home affordability situations as upper end properties sit on the market for longer.

Homes in the middle and lower income value bands, on the other hand, are not staying on the market long, and are also achieving the highest house-price growth.

FNB's latest Area Value Band House Price Index reveals house-price growth rates of the three highest priced area value bands slowed further in the last quarter of 2017, while rates of the two lowest priced bands continued to accelerate. These results reflect findings of the bank's estate agent surveys in recent years.

The five area value bands and their average property prices are:

- Luxury – R2.335 million.
- Upper Income – R1.242m.
- Middle Income – R887 930.
- Lower Middle Income – R583 858.
- Lower Income – R362 110.

The house-price growth differential between the three highest priced area value bands has narrowed of late, with FNB's John Loos saying all three have shown recent growth slowing. However, the Lower Middle Income and Low Income bands saw further

accelerations in house-price growth in the last quarter, and outperformed the rest.

Loos emphasises that unchanged quarter-on-quarter growth rates in these three most expensive area value bands suggests their slowing year-on-year growth "may be near its end".

"Sentiment in South Africa early in 2018 seems improved, leading economic indicators have been pointing towards a strengthening economy in the near term, and it seems

sold to their new owners, are registered at a value with the deeds office, which does not reflect market value.

Over the years there have also been sell-offs of rental stock by councils which have not necessarily been at market value.

Such distortions mean that in a repeat sales index for Low Income areas, many prices come off a very low base not reflective of market values, and show major price inflation when resold at market value.

Loos says the Low Income area house-price index recorded 4.2% growth year-on-year for the fourth quarter, and the Lower Middle Income band growth increased to 7.6%.

"In the three area value bands above this, year-on-year house-price growth slowed in the fourth quarter of 2017 – the Middle Income area value band from 4.9% in the third quarter to 4.7%, the Upper Income band also from 4.9% to 4.7%, and the Luxury band from 5.6% to 5.1%.

"The most significant year-on-year house-price growth slowing in recent years has been in the Luxury area value band, from an 11% high in the final quarter of 2014 to the most recent 5.1%, followed by the Upper Income area value band where growth slowed from 7.4% at the end of 2014 to 4.7%."

Upper end properties stay on the market for longer

plausible 2018 could be a mildly stronger year for all housing market segments. However, we believe the household sector will remain financially constrained, searching for home affordability as a result, and this will lead to the lower priced value bands continuing to outperform the higher end."

Loos cautions that the index includes the subsidised housing component. New homes in this category, which are not