



As home-buying patterns shift on the back of the Covid-induced 'Zoom boom' and record low interest rates, up-and-coming suburbs could replace tried-and-tested stalwarts in the capital growth stakes

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A's housing market got off to a shaky start this year, with buying activity reportedly at three-year lows. So when Covid-19 hit the country's shores in March, most commenta-

tors expected residential property sales and prices to fall off a cliff.

That didn't happen. The housing market has staged a remarkable recovery since June, when lockdown restrictions were eased. In recent months, to the astonishment of many, estate agents and mortgage originators have been reporting record sales numbers.

As Seeff Property Group chair Samuel Seeff puts it: "It seems South Africans are buying property as if it's a Black Friday sale." Seeff never expected the initial rally after the hard lockdown to continue this long. "We thought pent-up demand would only last for the lune-July period, followed by another market dip," he says. "But in October our turnover reached the highest level in almost six years."

Re/Max Southern Africa CEO Adrian Goslett expresses a similar sentiment, saying the length and strength of the rebound has surprised everyone.

Despite the market coming to a virtual standstill during the hard lockdown in April and May – during which the group's sales slumped by 62% – Re/Max's turnover for the first IO months of 2020 is now up 3% year-on-year.

The scale of the surge may be surprising, but there's a reason why this is happening. For a start, home buying activity has been supported by the Reserve Bank's three percentage-point interest rate cuts since early January, which brought banks' prime lending rate to a near 50-year low of 7%.

In practice, this has made home owner-

ship 30% more affordable than it was at the start of the year – leading to a stampede of first-time home buyers.

Lower interest rates have also made it easier for existing homeowners to sell and upgrade to larger, more expensive homes – or cash out a portion of the equity in their homes to settle debt and downscale.

There are other reasons for the surge. Activity has also been fuelled by more realistic pricing, says Andrew Golding, CEO of Pam Golding Property Group (PGP).

"The lockdown has inadvertently also created a wave of new reasons for relocation and property acquisitions," he says.

Golding cites "upsizing", as well as "lifestyle purchases" in coastal and platteland villages, as examples – trends that have been driven primarily by the pandemicrelated work-from-home phenomenon.

Andrea Tucker, director of online bond aggegrator MorigageMe, believes the remote working trend has already brought about a marked resurgence in "semigration" – moving from one part of the country to another.

"While semigration is nothing new, many of the barriers preventing people from taking the leap before have virtually diminished overnight," she says.

Small businesses and large corporates



alike have had to rethink their operating models, says Tucker. And the rapid pace at which online meetings via Zoom and Microsoft Teams have been adopted means staff can be afforded increased flexibility without productivity levels being impeded.

Finally, says Tucker, "the dream of earning a Joburg corporate salary while admiring a view of the Knysna Heads" is within reach.

Record residential sales

Latest figures from analytics and research group Lightstone, based on transactions registered in the deeds office, confirm that estate agents aren't simply talking up their books. Total residential sales reached a record turnover of R68.15bn in the third quarter. That's up just more than 7% year on year – and it's a huge increase on the second quarter's R14.9bn.

Though the number of sales rebounded nearly fourfold in the third quarter from their second-quarter lows, they were still slightly down year on year: 75.832 in 2020 versus 84,421 in 2019 (see graph on page 26).

However, most of the action is taking place in the RIm-R3m price bracket. The upper end of the housing market – especially the RIOm-plus sector – is still in the doldrums, as wealthy buyers adopt a wait-



and-see approach. Evidence of this is that the highest sales price achieved so far this year is believed to be "only" R50m - for a contemporary, six-bedroom Bantry Bay trophy home on prestigious De Wet Road, which Dogon Group Properties recently sold to an unnamed Gauteng businessperson. That was after the property was on the market for a year at a listing price of R65m. This year's record sale is way below the R85m high that Dogon achieved last year when it sold a "modernist villa" in Higgovale, in Cape Town's city bowl, to a foreigner. And it's nowhere near the R95m that Clare Wiese, daughter of retail tycoon Christo Wiese, paid in 2016 for a mansion on Clifton's illustrious Nettleton Road. That same year, a German couple forked out R290m for a seven-bedroom residence in Bantry Bay. Jo Lombard, luxury market

specialist for Seeff Alantic seaboard, confirms that upper-end sales have been slow this year. In Clifton, for instance, only three homes changed hands this year, against 21 last year. Lombard expects interna-

tional buyers to return to the market once Covid vaccines are freely available and global travel restrictions have been lifted. She says the sharp depreciation of the rand this year, coupled with an average decline of about 20% in prices, has already encouraged "bargain hunting" among foreigners.

Source: FNB

She has received several inquiries from foreign investors for what is believed to be the most expensive residential property listing currently in SA (again on Nettleton Road), which she expects could fetch R200m.

The house, which is on the cover of the FM, has expansive ocean and mountain views and was designed by Peerutin Architects. It straddles one of the widest and largest plots (1.481m²) in the area.

"A luxury home of this calibre in Nettleton Road very rarely becomes available," says Lombard. Still, it remains to be seen if Lombard can find a buyer for the Nettleton man-

HOUSE PRICES HOLDING STEADY Avg annual growth

2005 16.6% 2006 14.5% 2007 2008 -1% -1.6% 2009 2010 4.4% 2011 3.1% 2012 5.1% 2013 6.4% 2014 7.8% 2015 6.2% 5.6% 2016 2017 4.7% 2018 3.8% 2019 3.5% 2020 2.3% 2021* -2.5%

sion at that price. Meanwhile, better

28.7%

than-expected sales activity at the lower to middle end of the housing market has prompted FNB economist Siphamandla Mkhwanazi to revise his house-price growth forecast upwards for 2020 to 2.3%, from -5% earlier this year (see graph). "The impact has not been as horrid as initially expected," he says.

And Lightstone, which had a more bearish forecast and expected house prices to potentially drop by up to 14.5% by year-end (a worst-case scenario), now expects more palatable 0%-2% growth. Of course, no-one is

sure where sales volumes and prices will go next year. Mkhwanazi is erring on the side of caution and expects prices to drop by about 2.5% for 2021 as a whole.

His forecast is primarily based on the possibility of further job losses, especially in white-collar occupations. "That will put pressure on demand and prices while a renewed wave of emigration will also push supply up and prices down," he says.

Changing patterns

One thing seems certain: pandemic-driven shifts in how people live, work and play will continue to affect home buying and capital growth patterns over the next 12 months.

The FM's annual top suburbs survey – the ninth in partnership with research and analytics group Lightstone – already shows some noticeable fluctuations in the individual neighbourhood rankings.

The survey ranks individual suburbs in the four major metros (Cape Town, Joburg, Pretoria and Durban) in terms of capital growth performance over one, three and five years in terms of three price categories: the middle segment (suburbs where houses sell for an average RIm-R3m): the high end (R3m-R6m); and the luxury market (more than R6m).

This year, a number of up-and-coming





fm cover story / top suburbs survey

suburbs have made their debut in the FM's rankings – especially in the lower and midpriced segment.

Lightstone's analytics director, Paul-Roux de Kock, says that's no surprise, given the strong rebound in home-buying activity in the Rlm-R3m range.

First-time buyer exuberance has no doubt driven the strong price growth at the more affordable end of the market over one year. The growth achieved by the top performing suburbs in the RIm-R3m bracket in all four cities was on average three times that of their winning counterparts at the high and luxury end.

This year's survey reveals a move towards suburbs on city outskirts that offer larger, standalone homes. De Kock believes this has been spurred by the work-fromhome trend, prompting buyers to look for areas where they can find more square

HOUSING SALES REBOUND

Number of quarterly residential transfers (Q3)





metres per rand and which offer office conversion potential.

He cites Mondeor, Ormonde and Lenasia in the south of Joburg and Cullinan, east of Pretoria, as examples. This will be an interesting trend to watch, as many knowledge workers may not return to the office fulltime after the pandemic" says De Kock.

Older, lower-income suburbs near industrial nodes that offer blue-collar work opportunities also seem to be experiencing an influx of entry-level buyers in search of value. This could support a revival of areas that may have been out of favour before. Here, De Kock refers to Pretoria West, where West Park, Laudium and Kwaggasrand are notching up healthy price growth.

Other key trends to emerge from this year's survey include: • Buyer confidence remains weak at the top end of the market, which is driven primarily

by sentiment. Most cities recording price drops over the past year did so in areas where average prices exceed R6m. De Kock says the best-performing suburbs at the top end, including Atholl (Joburg), Sunset Links Golf Estate (Cape Town) and Izinga (Durban). barely held their value over the past year. Cape Town's price growth has slowed markedly over one year, but the Mother City still comfortably outpaces Joburg, Durban and Pretoria over three and five years in all price categories. Property values in Cape Town's Atlantic Beach Golf Estate, for instance, are up 35% over five years – more than double the 16.6% achieved over the same time in Pretoria's Waterkloof. Secure, gated estates are more popular than ever. For this reason, they tend to offer home buyers better capital preservation potential than unsecured suburbs. De Kock says that while estate living may have been

previously reserved for the wealthy, a number of midpriced estates have come to the market in recent years, allowing a far broader range of buyers to opt for communal living. Lockdown has probably also accelerated demand for estate properties that offer residents easy access to outdoor and leisure amenities

So, which suburbs in Cape Town, Joburg, Durban and Pretoria have given buyers and investors the best bang for their buck?

Cape Town

Though perennial outperformer Fresnave, known as the only wind-free suburb on the Atlantic seaboard, has lost none of its cachet among affluent buyers, it has been pipped to the post over one, three and five years by newbie Sunset Links Golf Estate. It's the first time that the Milnerton gated community has made its way onto the FM's suburb rankings and underscores South Africans' increased propensity for estate living.

Set roughly halfway between Blouberg and Cape Town's city centre, Sunset Links has magnificent ocean and mountain views. It is close to main arterials for easy access to surrounding beaches, cycling trails, schools, the Canal Walk shopping centre and the V&A Waterfront.

Andre Blignault, Seeff's agent for Sunset Links, says prices of current listings range from R4.85m to R17.7m. The highest price achieved in the estate was R18.85m in 2018.

Fernwood Place, a quiet enclave tucked away in leafy Newlands in the southern suburbs, features among the top end's best performers for the second year running. Fernwood encompasses four gated estates that offer large, modern freehold properties in the R7m-R12m range.

Cape Town's midpriced bracket is dom-



inated by two estates: old favourite Atlantic Beach Golf Estate in the western seaboard coastal enclave of Melkbosstrand, and Clara Anna Fontein, a relatively new, multigenerational lifestyle estate in Durbanville.

Clara Anna Fontein is one of the city's largest lifestyle estates, consisting of contemporary townhouses, standalone homes and a retirement village. Prices range from roughly R3m to R10m.

PGP western seaboard principal Emarie Campbell says Atlantic Beach is all about secure, relaxed beachfront living. Residents have access to an 18-hole links-style golf course, a leisure centre and a newly refurbished clubhouse with a deli, restaurant and bar – all facing fynbos-covered dunes. The eco-estate has about 860 homes priced from R3m to RI9m.

PGP sold homes worth R44m at Atlantic Beach in November alone.

It seems the once-sleepy Simon's Town on Cape Town's False Bay, popular among retirees, is luring an increasingly younger crowd in search of a leisurely, outdoor coastal lifestyle. The historic naval town is this year's top performer over one and three years in the R3m-R6m category.

PGP Western Cape area manager Shelly Keys cites key attractions including the yacht club and marina, diving spots, kayaking, sheltered beaches and coves, whale watching and shark cage-diving.

Prices range from R2.7m for a smaller home, while the average three-bedroom property will set you back between R3.5m and R4.5m. Larger seafront homes can fetch anything from R14m to R20m.

Mouille Point, within walking distance of the V&A Waterfront, Green Point park and plenty of ocean-view restaurants, is another new entrant in this year's suburb rankings. Re/Max Living broker Susan Watts

CAPE TOWN'S TOP SUBURBS

Mother City

Joburg



describes the area as "a lock-up-and-go

paradise in the heart Cape Town". Mouille

but it offers a choice of about 1,500 apart-

high of R19m was recently achieved.

Point has only 11 full-title residential stands,

ments priced at an average R4m. That said, a

Ascott, in the Ottery area on the edge of

the southern suburbs, is Cape Town's win-

ning entry-level neighbourhood for the sec

years. Wetton, also in the Ottery area, and St

notched up equally impressive price growth

suburbs areas including Northpine (Bracken

Estate agents say activity in these areas

has been buoyed by first-time buyers, look

ing to upgrade from nearby townships and

the Cape Flats, who typically can't spend

become increasingly out of reach in the

more than Rlm-R2m, a price point that has

Little has changed in Joburg's posh suburb

rankings over the past three years. Hyde

Park Sandhurst and Atholl in the northern

suburbs remain the areas of choice for the

over one year. Other affordable northern

fell) and Vredelust (Bellville) also did well.

ond year running over one, three and five

Dumas, next to the R102 in Kuilsrivier,

city's super-rich

All three offer an easy commute to the business and shopping hubs of Sandton and Rosebank, and to some of Joburg's best private schools (Crawford, St David's, Kingsmead, St Stithians and St Marv's).

PGP's Tasha Rossen says Hyde Park and neighbouring Sandhurst continue to attract captains of industry, politicians, foreign dignitaries and self-made billionaires.

Hyde Park's Fourth Road and Sandhurst's Coronation Road are widely regarded as Gauteng's two most expensive streets, with homes there valued up to R100m.

Sandhurst offers a mixture of contemporary and more traditionally designed homes, some of palatial proportions on stands of up to 3ha. Prices range from RI5m upwards.

Hyde Park properties tend to be a bit smaller. Many developers have in recent years taken advantage of densification policies by subdividing large stands and bringing more affordable cluster complexes to the area. Prices range from about R5m to R28m.

Old-moneyed Atholl, south of the Sandton CBD, attracts more of an "eclectic crowd", as PGP's Sebastian Caldow puts it. He says the area offers a wide range of property options to suit different pockets and tastes – entrylevel apartments start from RL3m, while freehold properties average R6m but can fetch up to R35m.

Joburg's higher-income buyers, like their Cape Town counterparts, continue to gravitate towards estate living. Most are located on the northern fringes of Joburg's ring road. Kyalami Estates near Midrand, Eagle Canyon Golf Estate near Honeydew to the northwest, Thornhill Estate in the northeast near Modderfontein's scenic nature reserve, and Cedar Lakes in Fourways take the prime spots in the R3m-R6m bracket.

Kyalami Estates, which hasn't featured in the FM's rankings in recent years, seems to have made a particularly strong comeback. Charles Vining, MD for Seeff Sandton and



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Sandhurst







JOBURG'S TOP SUBURBS Price growth to Q3 2020

Athol (18%)

Hyde Park (1.6%) Sandhurst (0%)

Brixton (13.4%) Lenasia Ext1 (13.1%) Ormonde (12.6%)

1 Athol (-0.2%)

2. Hvde Park (-0.4%)

Sandhurst (-0.5%)

HIGH END (R3m-R6m

3. Eagle Carryon Golf Estate (0.3%) MIDDLE

Midrand, ascribes this to a dramatic improvement in road and other infrastructure in the surround-

ture in the surrounding areas, including Waterfall City, home to the Mall of Africa.

Kyalami Estates offers about 1,000 large, family-friendly homes priced from about R2.6m to R6m. Vining says there has recently been keen interest among investors looking to "improve and flip" homes, given that some properties are almost 30 years old.

Well-established Dunkeld West, within the ring road and a stone's throw from Rosebank, Sandton and Hyde Park, has also lost none of its allure. The area offers large, traditional family homes for those looking for more space.

But Lew Geffen Sotheby's International Realty area specialist Kass Bunkell says the area also offers a smattering of newly developed cluster and townhouse complexes that are popular among young professionals and empty nesters alike.

Interestingly, a number of southern suburbs have appeared in the RIm-R3m ranking this year. Estate agents are reporting particularly brisk sales in Mondeor and Ormonde. Mondeor has a slightly higher price point, in the R800,000-R3m range, while Ormonde is popular with first-time buyers, with prices in the R600,000-R1.5m bracket. Both suburbs offers easy access to schools, churches, mosques, shopping and medical centres, and are in reach of the NI ring road.

Lenasia (Ext 1), another new entrant to the FM's rankings, offers large sturdy homes fit for multigenerational living in the RI.5m-R2.5m range.

Brixton, one of Joburg's oldest suburbs, located west of the CBD near the SABC and the University of Johannesburg in Auckland Park, appears in the same segment for the second year running. The area offers plenty of gentrification potential. It has, in recent years, been targeted by developers and buyto-let investors who are converting older properties into accommodation for students and young medical interns working at the hospitals in the vicinity. Prices for unrenovated properties start from about Rlm.

Lenasia Ext 1 (27.8%)

Brixtoin (26.9%) Hurst Hill (26.5%) nomhill (18.5%)

Illovo (17.6%) Dunkeld West (16.4

Hyde Park (13%)

Sandhurst (6.3%)

Athol (10.4%)

Kvalami Estates (47%)

Eagle Canyon Golf Estate (4.6%) Cedar Lakes (4.4%)

Pretoria

The Jacaranda City's upper end is dominated almost exclusively by golf and lifestyle estates, with Waterkloof the only exception.

Long favoured by Pretoria's medical, academic and diplomatic fraternity, centrally located Waterkloof is popular among wellheeled families looking for luxury homes on large, leafy stands. The area is within close proximity to a number of hospitals, schools and the University of Pretoria.

Gerhard van der Linde, MD of Seeff Pretoria East, says standalone homes sell for between R3.5m and R5.5m, depending on when they were built and how much renovation has been done. Upscale homes can fetch closer to R7m–R8m.

For wealthy buyers keen on golf estate living, Silver Lakes, on Pretoria's eastern outskirts, ranks as the city's number one residential address. Opulent homes, in a tranquil, countrified setting, are the drawcard here. Woodhill, also located in Pretoria's



sought-after eastern belt, is typically favoured by the city's nouveau riche, while Southdowns Estate in Irene and nearby Centurion Golf Estate tend to draw a slightly less pretentious crowd. Both of the latter are located near the NI highway and the Centurion Gautrain station, which makes for easy travelling to Joburg, Pretoria, Midrand and OR Tambo International Airport.

Centurion Golf Estate, known for its strong sense of community and familyfriendly atmosphere, offers a wide price range. from R2m for sectional-title units to as much as RIOm for freestanding homes.

Southdowns Estate was built on land that was originally part of the 120-year-old Irene dairy farm, and the estate still retains a distinct country feel, with an emphasis on "green living". Piped gas and water reticulation plants come with every property.

The estate offers a selection of townhouses priced from R2.5m, as well as large freestanding homes from R4m upwards.

Lower-income buyers are seemingly gravitating towards the city's older, value-

PRETORIA'S TOP SUBURBS







for-money western neighbourhoods, which are ripe for renovation. These include West Park, Kwaggasrand and Laudium, where freestanding, older properties in need of some TLC can be bought for RIm-RI.5m, and townhouses for less than RIm.

Pretoria's western suburbs are in close proximity to the N4, which offers a short drive to the CBD and a number of nearby industrial nodes.

Durban

Izinga is an access-controlled neighbourhood in the lush hills of Umhlanga Ridge with sweeping seaviews. For the third year in a row, it ranks as Durban's most desirable neighbourhood in the R6m-plus category.

It's one of a handful of top-end suburbs in SA that still recorded price growth over one year (albeit a modest 0.5%). PGP area specialist Carol Reynolds says Izinga is made up of a number of smaller gated estates that offer a selection of modern townhouses, clusters and freehold properties. Prices range from roughly R4m to R24m.

Ever-popular golf estate Mount Edgecombe continues to reign supreme in Durban's R3m-R6m category. It's near the commercial hub of Umhlanga, and many of the best beaches and shopping centres, including mega-mall Gateway.

Lew Geffen Sotheby's International Realty area specialist Desiree Bedhasie says Mount Edgecombe offers a selection of properties, including an established retirement village and a new one under development.

Though the buyer demographic in the estate is varied – a mix of families, young professionals, business owners, empty nesters and retirees – Bedhasie believes security, an outdoor lifestyle and a sense of community are key reasons for Mount Edgecombe's continued desirability.

Demand is also high in Glenashley, Durban North and Herrwood Park, other neighbourhoods near Umblanga. That's not surprising, given the money that has been invested in recent years to upgrade infrastructure in the area, including the huge new mixed-use Sibaya Coastal Precinct, between Umblanga and Umdloti.

As was the case last year, Sydenham in the Westville area and North Beach count among Durban's highest-growth suburbs in the RIm-R3m range.

Cathy Koch, PGP area manager in Westville, describes Sydenham as a "vibey hub", situated close to Durban, with easy access to the city's hospitals, schools, shops and the Atrium Berea shopping centre (previously Overport City). Most of the properties are freehold, with a selection of older homes in the R1.65m-R1.75m range.

Koch says there are also several apartment buildings in Sydenham – a three-bedroom unit will set you back less than R900.000.

North Beach, with its array of high-rise apartment buildings facing Durban's Golden Mile, has regained favour following various efforts to clear the area of crime and grime. Re/Max Panache broker Grant Gavin says

Re/Max Panache broker Grant Gavin says North Beach's attractions include value-formoney, easy access to the beach and treelined promenade and close proximity to the newly revamped Suncoast Casino. Prices of one-bedroom flats start as low as R350,000, while renovated four-bedroom units can fetch up to R4m. **x**

