

Soweto property boom, values double, but still a first-time buyers' bonanza

Soweto is one of the most dynamic property markets in the country. It is a bustling neighbourhood with some 37 suburbs which are home to over 186,000 properties, more than double compared to 1994, according to Lightstone data.



Source: Supplied.

Property values have grown notably faster compared to the rest of Johannesburg, basically doubling over the last 10 years making property a good investment. Khosi Sibiyi and Phindi Mphahlele, licensees for Seeff Soweto, say there is high demand for property, both to purchase and to rent.

Well over 2,000 property transactions worth over R1.1bn have been recorded for Soweto over the last year. Generally, a significant 40%-plus of buyers tend to be under 35-years of age with the majority being first-time buyers, according to Lightstone.

Soweto is a landmark in the history of South Africa and a popular tourist area with famous landmarks such as Kliptown (where the Freedom Charter was drawn up), the Hector Petersen Memorial and Vilakazi Street, once home to the late President Nelson Mandela and Bishop Desmond Tutu, both Nobel Peace Prize winners.

These days Soweto is one of the most in demand neighbourhoods for property buyers, especially first-time buyers according to the Seeff Property Group. While the majority of properties are freestanding, there is growing interest in

estates and sectional title as urbanisation and densification continues, say Sibiya and Mphahlele.

Seeff says further that the biggest advantage remains the excellent affordability despite the appreciation of property prices over the last decade. This enables people to get onto the property ladder and build wealth. On top of that, the high demand for rentals provides incentive to invest in property for the rental market.

Soweto: a modern hub

Soweto is today a bustling economy, offering an excellent quality of life for residents. Affordability and family ties are often reasons why people continue buying in here, but it is now also a modern neighbourhood with public and private schools, shopping malls and just about any service and amenity that you could want for.

It offers excellent accessibility to the Western Bypass and arterials, the universities (UJ and Wits) and hospitals and good public transportation (Rea Vaya, Putco, trains and taxis).

You can get great value in Soweto and can certainly find more square meterage for your money compared to many other areas, say Sibiya and Mphahlele. Many young people are taking the opportunity to get onto the property ladder given that a significant majority of transactions fall below R750,000 and almost all fall below R1.5m. Only 10 transactions have been registered above R3m.

The more exclusive areas include Diepkloof with an average price of R2m, Dobsonville at R1.5m and Pimville at R1m. The affordability is well illustrated considering that you can purchase a four-bedroomed home with a garage and three flatlets in Dobsonville for R1.4m.

A top-end property in Diepkloof with three bedrooms and two garages is priced at R1.649m. Property taxes tend to be lower compared to other Johannesburg areas. If you buy below R1.1m there is the added benefit of no transfer duty. First-time buyers can also qualify for financial assistance through the Flips scheme.

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