

Western Cape records strongest house price growth

Despite the weak economic outlook, it would seem that the Cape Town property market is the exception to the rule as agents continue to cite stock shortages and buyers and sellers alike remain confident in the long-term value of homes in the city.



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"Unlike other parts of the country, our agents in the Western Cape - and specifically in Cape Town and surrounds - have continually reported stock shortages, especially in the R1.5m to R3m market segment," says Bruce Swain, MD of Leapfrog Property Group.

According to the FNB Property Barometer - second quarter 2015 Western Cape House Price Index - the average house price rose 7.7% year-on-year. While this is slower than the previous quarter's 8.2% rate, and more noticeably down from a high of 10.4% house price inflation reached early in 2014, the province still had the strongest house price growth of the major regions in SA. It was followed by the Eastern Cape's 6.8% rate, KZN's 5.9% and Gauteng's 4.6%.

Most expensive

John Loos, Household and Property Sector strategist at FNB Home Loans, says that the average house price for the Western Cape was R1,230,487 in the second quarter - making it the province with the most expensive homes on average (house prices within Cape Town were slightly higher than elsewhere in the Western Cape at R1,265,766). Gauteng was the second most expensive province with an standard house price of R1,011,214.

"The fact that the province has often had the fastest pace of price growth in recent times, may have much to do with the province's growing popularity as a destination of a significant group of the country's more affluent 'repeat home buyers', and its status as the country's second fastest long term growth economy. It also typically has a relatively low rate of departure, for either emigration of 'semi-gration' purposes," says Loos.

Swain agrees with Loos in that Leapfrog figures certainly indicate that more and more South Africans from other parts of the country are looking to the Western Cape as a stable area with good governance and a secure property market - making it an attractive home base as well as investment area.

Correctly priced

"If a property is correctly priced it's not on the market for long; in fact our agents advise buyers to do their homework and have themselves pre-approved for a home loan as properties are scarce and tend to sell quickly," shares Swain.

The FNB Property Barometer corroborates this finding in that it reveals that properties in the Western Cape stay on the market for an average of 9.1 weeks (down from an estimated 20 weeks in 2013 and significantly shorter than the current 12.1 weeks national average).

It would seem that the Cape Town residential property market truly is outperforming every other urban hub and, as long as properties remain correctly priced, there is no reason to think that this will change any time soon.

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