

Estates provide sound investment value - Andrew Golding

While lifestyle appeal is a crucial component in living on a residential estate, the fact is the sound investment value both in terms of capital appreciation and potential rental income also speaks volumes to property buyers across the country, says Dr Andrew Golding, CE of the Pam Golding Property group.



A view of Steyn City in Fourways, Gauteng

“Estate properties have staying power and usually perform better than the value of the property in neighbouring suburbs.”

Based on actual sales, according to the Lightstone’s data for the national residential property market for August 2016 year to date, house prices reflect average price inflation of 5.8%. In contrast, the Association of Residential Communities (ARC) website states that annual house price inflation in estates is 7.5%.

Says Dr Golding, “In terms of value, currently estates account for around 22% of the market’s total sales value - up from 20.5% pre-recession and remaining fairly stable since late 2013, while unit sales in estates currently stand at around 14 percent of total market sales.”

Gauteng's declining trend

While in Gauteng the statistic is on a gradually declining trend since late 2012, this economic powerhouse region still accounts for the largest percentage of the total value of estate sales in South Africa, at around 55%, with the Western Cape accounting for a smaller but growing share of total estate sales of close to 29%. Interestingly, in both Gauteng and the Western Cape the R3m-plus price band accounts for a growing portion of total estate unit sales.

Among the major metros Pretoria in Tshwane Municipality constitutes the largest total number of units sold in estates, while Johannesburg's estate market is the largest by value, although this margin is declining as the value generated by both Pretoria and Cape Town increases at a faster pace.

Indicating the popularity of estate living, according to ARC there are currently approximately 6,000 gated communities in South Africa with a total value of some R650bn.

These comprise some 320,000 residential properties at an average value of R2m per property which is three times greater than the estimated national average of R700,000 per home outside of gated communities.

Further statistics from ARC make an interesting point – that today golf estates comprise only about 12% of the total estates in South Africa.

Over and above the investment potential and price appreciation already being achieved, undisputedly the desirability of living on a secure estate continues to increase exponentially.

About more than security

Says Dr Golding, "Living on an estate is about far more than security. There are numerous factors which attract people across all generations to an estate lifestyle. The new trend is towards so-called lifestyle estates which encompass 'work, live, play, shop' – all within a secure environment which provides a sense of community as well as easy access to educational facilities. Some estates even provide schools on site, while the leisure amenities encompass a host of features with the accent in newer estates on a broader lifestyle offering rather than as was previously the case, focusing mainly on one aspect. These facilities can also include gyms and other sports facilities and even shopping complexes.

"Generally these estates are situated in metropolitan South Africa, including new metro growth nodes where the cities or towns are expanding. These include Fourways in Gauteng, the rapidly expanding KwaZulu-Natal North Coast Corridor as well as Knysna on the scenic Garden Route."

In the Western Cape's Helderberg region, as well as the Somerset West and Stellenbosch areas there is a strong demand for estate living which is fuelled by a number of factors such as proximity to major business centres and schools, security, quality lifestyle attractions such as leisure and sports activities, aesthetic and scenic appeal, quality and design of houses and resale potential.

A further drawcard within residential developments is the fact that the sizeable monthly costs for water, electricity and garden maintenance incurred for large, freestanding properties are replaced by shared costs and hassle-free estate management.

Top 10 estates

Not surprisingly, the top 10 estates in South Africa recently ranked by New World Wealth are all situated in prime locations and each attracting residents with its own unique appeal. Nine out of these 10 estates are marketed by Pam Golding Properties, namely Val de Vie, Zimbali, Fancourt, Steyn City, Pezula, De Zalze, Atlantic Beach, Highland Gate and Arabella.

While some high-end buyers are investing considerable capital in building their iconic, dream homes with cutting edge design, the latest technology and eco-friendly features, estate living is also becoming more accessible and attracting a younger generation of home buyers, with in excess of 70% younger than 49 years of age according to Lightstone statistics.

“Catering for this market, which includes first time buyers, many estates have introduced sectional title opportunities starting at prices below the R1m mark and offering excellent value for money,” adds Dr Golding.

At the other end of the spectrum, luxury homes substantial in size are being constructed which are estimated to fetch prices from R20m to R30m and upwards once complete.

For more, visit: <https://www.bizcommunity.com>