

Sales volumes dramatically increase in the Helderberg basin

An almost incredible upswing in sales took place in January and February this year in the Somerset West/Helderberg region, says Schalk van der Merwe, the co-franchisee (with his father Johann and in Strand with Wouter Joubert) for the Rawson Property Group's franchises serving the area.



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"Our franchises at Somerset West and Strand," says van der Merwe, "had 57 confirmed sales in January and February. This was a record for us and represents a 40% increase on the same period last year, measured by both units sold and in terms of overall turnover."

One-third of the properties sold, says van der Merwe, found a buyer within one week and either the full sale price was achieved or a price within 5% of it.

In all areas, adds van der Merwe, the fastest sales were achieved in the R800,000 to R3m bracket - in Strand the average price was close to R1m - but eight properties in the higher price brackets also found buyers in January. The most expensive home sold in February was priced at R6,500,000.

Factors contributing to this successful month:

1. Rents are now rising very fast and therefore no longer represent a big discount on the monthly bond repayments. "People now see home buying as the more logical option to be followed," says van der Merwe.
2. Downscaling (especially to security villages) is on the increase and has been responsible for some 30% of all sales.

3. The steady stream of UK and German buyers traditionally experienced in this area has doubled recently. This, says van der Merwe, is in response to the falling rand and the very favourable exchange rates now prevailing in the UK and Germany. There is now a German community in the Helderberg basin, some of whom stay as much as four months a year in South Africa.

"A home selling here for R3m can be had by a German buyer for ±202,000 Euros, which in Germany, if you were lucky, would buy you a single bedroom basement flat. There is simply no comparison between what the Euro will buy here in South Africa and what it will buy in Europe today," he says.

4. There has been a steady growth in buy-to-let investors throughout the Helderberg basin. This, says van der Merwe, makes good sense because the average return on the rented properties achieved by his rental agents for their clients is now 7,2%.
5. Second hand properties are still competitively priced in relation to new homes and the prices of these continue to rise. In one case with which he has been associated, says van der Merwe, the building cost per square metre in one year rose from R5,700 to R6,700 - almost a 15% increase.

Shortage of stock

The challenge he and his agents now face which, he says, applies to the majority of estate agencies in the Helderberg basin, is to find enough stock.

"An agent listing three new homes in one month is very likely to sell all of them within the same month," he says. "As always happens in these situations, price rises are taking place and so far, by my estimate, in the second hand market they are still not excessive - probably between six and 7% on average every year."

The huge increase in the popularity of the Helderberg basin, van der Merwe predicts, will continue and will definitely influence the market in its favour and push up property prices. Those contemplating moving to the Helderberg basin who do not buy in the near future, he says, will find that they are losing out and that they will have to pay considerably more a year or two later.

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