

Durban residential property market on the up

According to the recent Knight Frank Global Residential Cities Index, Durban is one of the few areas in the country that has seen growth in house prices; Durban is listed as one of the top-performing South African cities (placed 14th out of 165 cities) with property prices increasing by 11.6% on average between the fourth quarter of 2014 and the fourth quarter of 2015.



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While many consider Durban to be the more easy going counterpart to Johannesburg, it has in recent years become a major international tourist destination, having been recognised as one of the New7Wonders Cities in 2015. The Globalisation and World Rankings Research Institute has also declared Durban a Gamma City; there are Alpha Cities such as London and NY, Beta Cities like Berlin and Cape Town and Gamma Cities which include Durban, Charlotte, Georgetown and Valencia.

Important economic complex

The growing tourism industry, combined with the construction of the Moses Mabidha Stadium, uShaka Marine World, the new Durban Waterfront development project, and efforts to clean up the CBD, have all contributed to making Durban an important economic complex – accounting for 15% of national output. As such, it's not surprising that property prices have seen good growth in recent times. "We're experiencing quite a buoyant property market with property pricing increasing significantly over the last two years, especially in areas like Morningside with its close proximity to excellent schools such as the Clifton Preparatory School," affirms Terence Hogben, principal of Leapfrog Property Group, Durban Central.

While Hogben agrees that the lower segment of the property market (R600,000 to R1,5m sectional title) is performing extremely well, as in many other parts of the country, he does note that buyers are happy to purchase freehold properties in Glenwood for slightly higher prices – R1.2m to R2.5m. Properties from Essenwood to Morningside are also being bought for between R1.8m to R3.5 m on a regular basis. "Once we have sold a property, we keep on getting calls for weeks after. In fact, we could sell well-specified properties around R3m every day. Morningside is quite built up so older properties have to be knocked down to make space if one wishes to have new developments, and we're finding that buyers are happy to pay the price for a property with modern finishes and increased security," explains Hogben. "That being said, the demand is mostly for the older more solid homes built with good clay brick and higher standard builds of yesteryear."

Who is buying?

Continues Hogben, “We’ve also had a surprising number of enquiries from buyers working overseas who are planning to return to South Africa. In fact, a few of our sales over R3m have been made this way.” Apart from South Africans living overseas, Hogben finds that a lot of young families are buying – all the way from Glenwood through to Morningside for access to better schools and amenities. “Glenwood especially is also very community-driven which many young couples find appealing,” believes Hogben.

Sellers, on the other hand, are mainly selling to move to where their children have settled and are generally older people closer to retirement age.

“We’re excited by the sales we’re seeing in Durban and are confident that the area offers great returns on residential property investments – provided of course that the property is valued correctly,” says Hogben.

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