

Makana Property Report covering the registrations in April 2021

Reports can be deadly dull, so before you dive in, just a little something to lighten the mood.

This is what happens in a buyers' market!



"If the seller is willing to replace the roof, add a deck, put in a fireplace and in indoor pool, extend the livingroom fifteen feet and move the whole place to the other side of town, then we're *definitely interested!*"

Ok, now for the serious stuff.

Please note that this report covers all the towns in the Makana municipality, Makhanda/Grahamstown, Rini, Alicedale, Salem, Sidbury and Riebeek East. We will also distinguish between the Full Title registrations and the Sectional Title as they are completely different properties and investment markets.

1. The Rini market

The Rini market has seen the establishment of the bench marker this month with the sale of 2 homes sold in the R700,000's! In fact, with one sale of R590,000 and 2 others at R720,000 and R750,000, the Rini market is showing some real signs of life. In total there were 6 sales this month with the total value of the 6 being R2,287,560.

2. Riebeek East

Nothing to report.

3. Grahamstown/Makhanda

Under agriculture, there was the sale of one (game?) farm made up of 3 portions. It sold for a whopping R72,000,000!

In the industrial area there was one sale of what must have been vacant land because 4 536 m² sold for R230,000, which works out at just over R50/m². This must be compared to last months sale which was done at R70/m².

4. Grahamstown/Makhanda

Quite a few less registrations in April- all the holidays? - only 10, but the total value is slightly higher than last month. The 2 sales in Central have pushed the monthly average up to R1,616m compared to last month's R1,073m so be careful of thinking prices are going up.

GRAHAMSTOWN/MAKHANDA FREEHOLD SALES BY SUBURB

Suburb	Registrations	High	Low	Total ZAR	Average
Central	2	3,400,000	1,700,000	5,100,000	2,550,000
Sunnyside	1	1,000,000	1,000,000	1,000,000	1,000,000
Kingswood	2	880,000	440,000	1,320,000	660,000
Hill 60	0	0	0	0	0
Oatlands	2	1,700,000	950,000	2,650,000	1,325,000
Oatlands North	1	1,425,000	1,425,000	1,425,000	1,425,000
Cradock Heights	1	1,000,000	1,000,000	1,000,000	1,000,000
Fort England	2	920,000	750,000	1,670,000	835,000
Westhill	1	2,000,000	2,000,000	2,000,000	2,000,000
	10			16,165,000	1,616,500

5. Sectional Title

To me this is the barometer of investor confidence and at this stage our city is looking like it will be downgraded to junk status.

Again, we have only 5 transactions registered this month, like March, and the value this month is R3,425,000, slightly less than last month. The average selling price is R685,000.

On the other hand, every registration has a buyer, so somebody is showing confidence enough to invest our city. Take heart from that!

6. The Market

In a 2018 property report on Makhanda by Lightstone Properties it was reported that:

- There are 12 756 freehold properties.
- 832 sectional title units
- 209 properties in estates

There has been very little change since then as well.

Over the past 9 years the sales of freehold properties has averaged 310 freehold units per annum. This represents 2,4% of the market or, put another way, the stock turnover rate is slow.

In the same period sectional title sales have averaged 80 units per year, which is 9,7% of the stock. This translates into each unit being sold every 10,4 years.

It is interesting to note that at the time of writing the 2021 average freehold sold price is R955,000, but for the previous 9 years the average was under R900,000. Is this the first sign of a revival in the freehold market? We will have to wait and see what May's sales are like.

The sectional title market is very much on the back foot with the average selling price having fallen below the R700,000 mark for the first time, in 2021. But before we all panic, bear in mind that 1-bedroom units have been added to the stock and the sales price of these will obviously be lower than the rest of the stock.

The unit sales themselves have also dropped as the first 4 months of 2021 only shows 20 sales, which translates into 60 for the year or 75% of the average.

7. Properties "For Sale"

Below is a schedule of the properties for sale in Makhanda on the "Property 24" website on 25 May 2021.

PROPERTIES FOR SALE AS AT MAY 2021

Suburb	Houses	Flats	Town House	Land	Small Holiday & Farms	Total
Central	12	64	3	13	0	92
Sunnyside	27	11	2	1	0	41
Oatlands	24	12	0	0	0	36
Westhill	30	26	1	1	0	58
Kingswood	16	4	10	1	0	31
Fort England	8	0	1	0	0	9
Somerset Heights	7	0	1	1	0	9
Cradock Heights	4	0	0	2	0	6
Oatlands North	11	0	15	1	0	27
Hill 60	5	0	0	0	0	5
Rini	4	1	0	0	0	5
Fingo	1	0	0	0	0	1
Rural	1	0	0	2	37	40
	150	118	33	22	37	360

8. Conclusion

Our property market is ticking along, but what is extremely distressing is the lack of capital appreciation in the value of our properties. I do many valuations and have found that the rate of appreciation has, in many instances, been around the 3% p.a. mark. This is below the average inflation rate and is indicative of low demand for property in Makhanda/Grahamstown.

Why is this? It can only be because of the poor press our City is receiving as a result of potholes, water and electricity outages and general poor management of the City.

Let's hope that the Local Government elections will bring change.

Regards,



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