

Makana Property Report covering the registrations in June 2021

This month is a shocker for a couple of reasons. Firstly, the Deeds office stats only go up to 24 June. What happened to the rest of the month? COVID-19 for the whole office? Who knows, so we work with what we've got? Secondly, not a single sectional title registration the whole month. Is that possible? Surely not, but I have phoned and asked, but it seems that King William's Town this June experienced very little activity.

Quite weird and explanations are not forthcoming.

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

4 registrations totalling R1,000,000 in Rini, with the highest value being a rare bird at R720,000 in Extension 4. Makana only released 2 erven this month at R15,000 each and there was one other sale of R250,000.

2. Riebeek East

No transactions.

3. Agricultural and Industrial

There were no agricultural transactions this month, but there was one sale in the industrial area which involved 2 erven measuring nearly 4 hectares. They must have been vacant land because the cost works out at R23 per m². useful for future reference.

4. Grahamstown/Makhanda

The unit sales are exactly the same as last month, 12, and the value is a lot better than May at R12,563,000 which means the average selling price is much the same as the previous month, R1,046,917 compared to last month's R1,055,833. This average is very similar to the May average and prior months, too. This endorses what people are hearing from their agents about most of the activity being around this value.

GRAHAMSTOWN/MAKHANDA FREEHOLD SALES BY SUBURB

Suburb	Registrations	High	Low	Total ZAR	Average
Central	2	800,000	500,000	1,300,000	650,000
Sunnyside	4	4,650,000	1,500,000	850,000	1,151,000
Kingswood	1	2,800,000	2,800,000	2,800,000	2,800,000
Hill 60	0	0	0	0	0
Oatlands	0	0	0	0	0
Oatlands North	2	1,300,000	1,100,000	2,400,000	1,200,000
Somerset Heights	1	1,850,000	1,850,000	1,850,000	1,850,000
Fort England	0	0	0	0	0
Westhill	1	2,500,000	2,500,000	2,500,000	2,500,000
Industrial	1	863,000	863,000	863,000	863,000
	12			12,563,000	1,046,917

5. Sectional Title

There are many sectional title properties on the market which means the fact that the Deeds office didn't register one transfer of ownership in June for a sectional title property burst the bubble of hope that these sellers may have got from the May figures.

However, can this be correct? As mentioned at the beginning of this report, no transactions were registered between the 25th and 30th June, neither freehold nor sectional title. This makes me doubt that nothing happened in this period, and I suspect that COVID-19 got in the way, and we'll see greater than usual registrations in July. Let's hope so!



Ooba Home Loans, the mortgage origination company, have released their "oobarometer" for Quarter 2, 2021 and there are some very interesting facts coming out of it. Bear in mind that their stats are drawn from the home loan applications that they deal with, so cash sales don't come into their stats, not that there will be many of them.

Whether you are looking to buy or sell, you need to be aware of this:

"Recent home buying trends prioritise quality of life as well as working from home. Properties that offer flexible accommodation that allow for separate workspaces and additional space for families spending more time at home are in demand.

We all need to look at our homes if we are thinking of selling and see whether we can offer our prospective buyers the opportunity to create an office at home.

I'm sure that there are parents who would like to move to our wonderful city so that they can let their children be educated at one of our brilliant schools and, most importantly, for them to be a part of their children's school careers from close up. We must be aware of this market and try to accommodate them.

Probably the question we all ask is "what is happening to property values?"

The good news is that, according to their stats and based on nationwide bond applications, the average purchase price is increasing year-on-year at 16.3% when you compare Q2 of 2021 with Q2 of 2020. Their average purchase price nationwide is R1,407,071. This is obviously good news for sellers, but is it happening in Grahamstown/Makhanda? If the average selling price of residential property continues to be static, we have to ask why that is the case.

We also have to question where the municipality has got their new values from, the values that they have circulated to some, not all, owners. These are all increases, and some are nearly double their previous values. Of course, they haven't told their stakeholders how they have arrived at these values. At least we have 30 days in which to object.

Ooba has identified 2 factors that they believe are causing property values to increase. Firstly, interest rates are lip-lickingly low and this is encouraging homeowners to trade up. Well, wouldn't you be happy to pay the same bond instalment for more house? Secondly, banks are approving more home loans than last year and are granting more 100% bonds. An additional incentive is that they are asking for smaller deposits or, in many instances, no deposit. This has created an environment where buyers, especially first-time buyers, are coming into the market. This is evidenced by the fact that in Q2 2021 the first-time buyers made up 48% of all the bond applications.

Sadly, Ooba points out a negative that applies to our city's sectional title market. "94% of home buyers applying for home loan finance through obba in Q2 21 purchased homes for their own occupants. "Despite ideal lending conditions, buyers are not being lured into purchasing properties as buy-to-let investments or as holiday homes. This may be due to the ongoing economic and political uncertainty, the higher rental vacancies as well as lingering concerns around land ownership reforms".

7. Properties "For Sale"

A search of the "Property 24" website on 16 June gives us the schedule of properties for sale in Grahamstown/Makhanda by suburb and by property type below. It makes interesting reading!

PROPERTIES FOR SALE AS AT JULY 2021

Suburbs	Houses	Flats	Town Houses	Land	Small Holdings & Farms	Total
Central	14	68	4	0	0	86
Sunnyside	26	14	2	1	0	43
Oatlands	24	11	1	0	0	36
Westhill	29	31	1	0	0	61
Kingswood	15	3	9	2	0	29
Fort England	7	0	1	0	0	8
Somerset Heights	7	0	1	0	0	8
Cradock Heights	3	0	0	1	0	4
Oatlands North	12	0	9	1	0	22
Hill 60	6	0	0	0	0	6
Rini	7	0	0	0	0	7
Fingo	1	0	0	0	0	1
Rural & Industrial	1	0	0	18	36	55
	152	127	28	23	36	366

8. Conclusion

Are sellers seeing some light at the end of the tunnel? Are we going to move into a sellers' market? With house sales at 12 units per month for the last 2 months, it is evident that Grahamstown/Makhanda is not experiencing what Ooba is picking up in their nationwide statistics.

So, what is going to give our market some impetus?

Personally, I think we have lost our reputation as this idyllic city where life is so magical. But, as the Ooba report says, investors are not being drawn into the buy-to-let market easily. They will only invest if the property offers a real bargain and there is some certainty about the rental income and long-term tenancy.

We have to repair our reputation, and this means:

- Getting our infrastructure sorted out – change the management
- Getting our students back to Rhodes for a full year's tuition
- Getting our beloved National Arts Festival live again

and show the country that we are open for business and will welcome all investors with open arms.

I have selected some properties on offer with links for you to view on page 7.

Regards



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Properties you might like:



25 Henry Street

https://www.grahamstownproperties.co.za/gtn_properties/25-henry-street-oatlands/



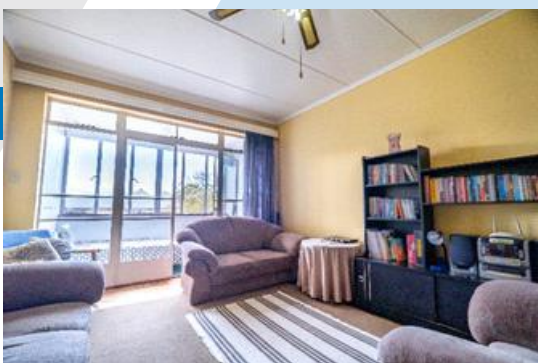
5 Lawrence Street

https://www.grahamstownproperties.co.za/gtn_properties/a-modern-home-in-an-olde-worlde-setting/



8 Robinson Street

https://www.grahamstownproperties.co.za/gtn_properties/family-home-or-buy-to-let-it-works-both-ways/



11 Gray Rose

https://www.grahamstownproperties.co.za/gtn_properties/comfort-convenience-and-camaraderie/

And there are more on page 8...



2 Arlington

https://www.grahamstownproperties.co.za/gtn_properties/a-captivating-2-storey-victorian-gem/



1 Gray Rose

https://www.grahamstownproperties.co.za/gtn_properties/an-apartment-for-all-seasons/