

Makana Property Report covering the registrations in July 2021

This month seems quite lacklustre for some reason or other; maybe it was the focus on all the happenings in KZN, and everyone holding their breath to see if the Eastern Cape could avoid the lawlessness. It was a stressful month. Thank goodness we were able to avoid the drama!

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

According to the Lightstone transfers report I have, there were no registrations in Rini, not even an erf being sold to a first-time buyer. Very disappointing.

2. Riebeek East

No transactions again and one wonders how property owners feel in Riebeek East. There are properties to be had, but just no demand.

3. Agricultural and Industrial

There were no agricultural transactions this month.

4. Grahamstown/Makhanda

Isn't it great to be able to say that July was better than June? Well, it was. There was only one sale more than June, 13 versus 12, but the total value was considerably higher with July being R15,328,000 compared to June's R12,563,000. This has caused the average sale value to go up quite a bit, taking the average away from that number where all the activity takes place of R1,000,000 and finishing up at R1,179,000.

Another heartening fact is that amongst the 13 sales there were 3 sales that were over R2,000,000. That tells us that there were people willing to invest a sizeable chunk of money in our city. We must also make a distinction between those who are investing because it is better to pay your own bond than pay someone else's bond and those investing for the lifestyle. Properties over R2,000,000 do not get bought by people moving away from rentals because of favourable interest rates. That should show us that confidence in our city is returning. We must be encouraged by that.

GRAHAMSTOWN/MAKHANDA FREEHOLD SALES BY SUBURB

Suburb	Registrations	High	Low	Total ZAR	Average
Central	1	740,000	740,000	740,000	740,000
Sunnyside	0	0	0	00	0
Kingswood	2	2,100,000	500,000	2,600,000	1,300,000
Hill 60	0	0	0	0	0
Oatlands	2	2,900,000	1,400,000	4,300,000	2,150,000
Oatlands North	3	1,200,000	800,000	3,180,000	1,200,000
Somerset Heights	2	2,10,000	1,700,000	3,800,000	1,900,000
Fort England	0	0	0	0	0
Westhill	0	0	0	0	0
Mary Waters	2	150,000	8,000	158,000	79,000
Industrial	0	0	0	0	0
	13			15,328,000	1,179,000

5. Sectional Title

There are many sectional title properties on the market and at varying prices, so the 5 sales registered this month are interesting in that the lowest price was R575,000 and the highest R660,000, with the average being R609,000.

Consider this. you buy a 2-bedroom flat for R660,000 and get a 100% bond at 7.5% for 20 years. The monthly instalment is R5,320. Renting this property would probably cost you about R7,000 so the difference covers the rates and levies, and you own your own property!

If the R5,320 may not be more than 30% of the combined income, the combined income must only be R17,730. Think of all the families that must fall into this category, particularly first-time buyers, and you wonder why more aren't buying flats.

6. The Market



Probably the question we all ask is "what is happening to property values?" a better question is "Can anyone forecast where property is going?"

Lightstone produces some very analytical information and in their end of June property report there are some very interesting statistics. Probably the most surprising is the fact that the Eastern Cape led the country in property inflation at 8.3% with the next best being Mpumalanga on 7.6%. This surprise seems to be under-pinned by Nelson Mandela Bay's surge in property values, but even our little city had an increase in the average selling price of 12.6%, so maybe we are also contributing to this growth spurt. We will just have to wait and see what next month brings – hopefully, more of the same!

Unfortunately, the sectional title market nationally, and locally, is not performing as well as the freehold segment. According to the Lightstone report, sectional title properties are going to appreciate at about 3.2% for the foreseeable future. With the consumer price index running at about 4.5% it means these properties have negative growth at present. This rate of appreciation is because of the low demand for buy-to-let properties, which is not just us, but a national phenomenon.

7. Properties "For Sale"

A search of the "Private Property" website on 30 August 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	18	66	4	0	0	86
Sunnyside	24	15	2	1	0	43
Oatlands	26	6	2	0	0	36
Westhill	35	29	1	0	0	61
Kingswood	12	3	8	3	0	29
Fort England	6	0	1	0	0	8
Somerset Heights	11	0	0	0	0	11
Cradock Heights	1	0	0	0	0	1
Oatlands North	10	1	10	3	0	24
Hill 60	6	0	0	0	0	6
Rini	7	0	0	0	0	7
Fingo	1	0	0	0	0	1
Rural & Industrial	0	0	0	27	23	50
	157	118	28	34	23	360

8. Conclusion

Are sellers seeing some light at the end of the tunnel? Are we going to move into a sellers' market? Those are the questions I posed last month, and July has given the freehold market a ray of hope. To me it is significant that we had a few high value properties sell in July. Another point is that there wasn't a sale of a property in West Hill registered in July and this can mean one of 2 things – the properties are considered over-priced or the private school parents who own in the suburb are hanging in there. On the other hand, the properties for sale in Westhill have increased by 6 from the previous month. I'm hoping we have seen a few declarations of faith in Makana through these high-ticket items and over the next few months there will be more of the same.

The sectional title market is really struggling, and we need something to put a little heat into that market. It is estimated that there are 817 sectional title units in Makana which means that there is 15.5% of the total market on the market at the end of August. Is that good or bad? Well, at the current sales rate, those properties will only be sold in the next 18 months to 2 years.

Let's hold thumbs that the October (?) local government elections will shake things up a bit and our dear Makana will get its charisma and appeal back. The more economic activity in our little city, the better for all of us!

I have selected some properties on offer with links for you to view on page 6.

Regards



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Properties you might like:



25 Henry Street

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



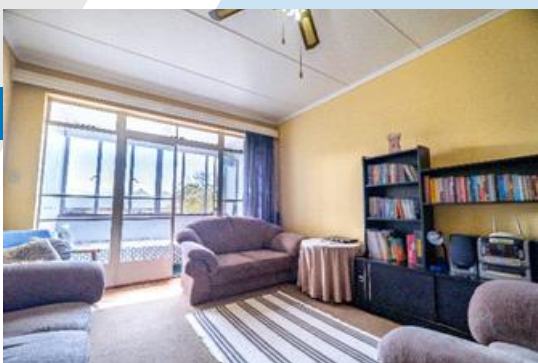
5 Lawrence Street

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 7...



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/