

Top tips for tapping into SA's property investment market

Current market conditions have opened numerous lucrative investment avenues for property buyers in South Africa. And the biggest returns countrywide are likely to be realised on strategic assets perfectly situated to benefit from leveraging both natural appreciation and forced appreciation.

By [Greg Dart](#) 21 Apr 2023



Source: Supplied

The property market fluctuates, but dips are temporary and, in general, bricks and mortar assets naturally appreciate over time. While that's happening, savvy investors will maintain, upgrade and renovate their properties, 'forcing' appreciation by increasing the value of their assets.

The strategy is sound across the budget scale. It also applies equally to business premises and residential real estate.

Top region

The best regional investment opportunities currently lie in the Western Cape, with Cape Town the biggest semigration drawcard. In November last year, Lightstone reported that most South African semigrants were choosing the Western Cape as their destination.

The business and lifestyle incentives being offered by the City of Cape Town are appealing: 60% less load shedding than rest of the country, a cash-for-power plan buying electricity from businesses that feed back into the grid, and an across-the-board property rates relief package peaking at 52% for homes valued below R5m.

According to Lightstone, South Africa's formal property stock volume totals 6.8 million and is valued at R6.1tn. The demand for property in the Western Cape is evident in that the province accounts for a substantial 29% of the national value, with only 18% of the stock.

Cape Town's annual residential property values have risen over the national average for several years, but apartments under R1m can still be found, and on the Western Seaboard, in the southern and the northern suburbs, freehold properties are available for under R2m.

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Of course – if your wallet stretches that far – you could spend upwards of R100m on a luxury pad.

According to New World Wealth's *2023 Africa Wealth Report* published by Henley & Partners, SA's five most expensive suburbs are in Cape Town. In descending order, they are Clifton at an average property price of R88,000m², Bantry Bay R82,000m², Fresnaye at R60,000m², Camps Bay/Bakoven at R54,000m² and Llandudno at R52,000m².

On the business front, there's already greater demand/supply parity in Cape Town's commercial and industrial real estate market than anywhere else in the country, but that's changing. Smart investors will move swiftly before it turns.



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The investment appeal of industrial property stretches far beyond the Western Cape, though.

Covid vividly demonstrated our supply chain vulnerabilities, resulting in demand for networked infrastructure development to facilitate seamless product distribution through regional and local hubs.

At the same time, rapid growth in online shopping has forced those companies to expand, directly competing with terrestrial retail suppliers for state-of-the-art industrial warehousing in the major cities and outlying regional hubs.

High Street is actively pursuing opportunities for investors in this asset class at the moment. The reasons are numerous: market strength, stability, resilience and long-term growth potential to name but a few.

It's not by accident that in both good times and bad, investors choose to anchor their portfolios in real estate. With a global market value of more than \$326.5tn, property is the world's most significant asset class and its worth is almost four times that of global GDP.

South Africa's appetite for real estate matches the global market. Last year alone, property sales in SA totalled a staggering R409.8bn, according to Lightstone.



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Whether buying an industrial, retail, commercial or residential property, investors should always think about increasing value to reap larger returns.

Investments that will force appreciation include:

Uninterrupted power: Invest in an independent power system to keep business operating. A smaller home system will allow

add to the resale value.

Security features: Differing levels of security turn neighbourhood sale price comparisons into an "apples and oranges" exercise. According to Lightstone's 2022 Estate Agents' Sentiment Survey, security is the most important criteria for buyers. If your property has better (and more attractive) security than your neighbours, it'll be worth more.

Crime rates: In urban areas, a low incidence of property crime in your area can be leveraged as a selling point, as can proactive crime prevention measures like numberplate reading cameras.

Zoning/development potential: Development potential increases the value of your business or residential property. Understand exactly what you're buying before you close the deal.

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