

WC, Gauteng suburbs with entry-level housing dominate in residential development

Lightstone Property's latest analysis shows that since 2017, the Western Cape's residential property development market has outperformed that of Gauteng. It also shows that the top 10 suburbs in each province have affordable or entry-level housing.



Hayley Ivins-Downes, head of Digital at Lightstone

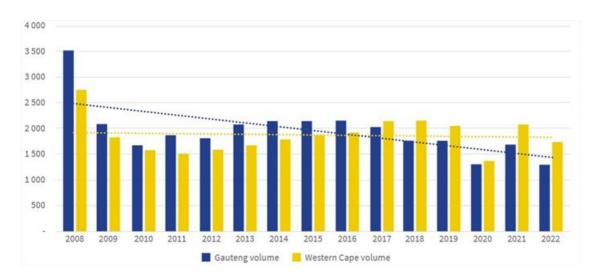
Hayley Ivins-Downes, head of Digital at Lightstone, said the exceptions in both provinces were estates – Midstream in Gauteng and Burgundy Estate in the Western Cape.

"This suggests that the bulk of new residential property is taking place in the affordable housing category, where it is most needed – and the transfer volumes reported further on tend to confirm declining appetite in Gauteng and rising demand in the Western Cape," she said.

Semigration, fuelled by Covid, accelerating a trend to work from home, and the movement of people to better functioning municipalities, could be part of the explanation behind the shift.

Ivins-Downes said residential property development fell in 2009 (see graph below) as the financial market crash hurt economies around the globe.

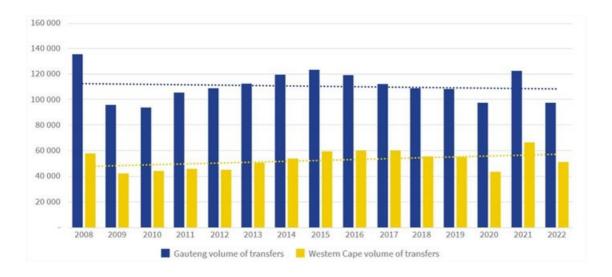
In 2008, Gauteng recorded 3,358 properties developed, and this fell to 2,098 in 2009 and then to a pre-Covid low of 1,680 in 2010, before development recovered to 2,157 units in 2016. It has, however, been in decline since, touching just short of 1,700 in 2021.



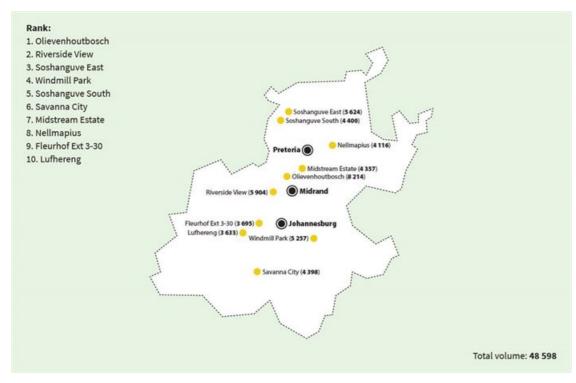
The WC high of 2,768 in 2008 fell to 1,529 in 2011 before recovering to 2,157 in 2018 and then falling to 1,373 as Covid took its toll – but development recovered to 2,078 in 2021.

The transfer volumes follow a similar pattern. "Volumes in Gauteng peaked at 135,072 in 2008 before the market crash, and had climbed back to 123,405 in 2015 before declining year on year until the 2021 post-Covid bounce back. The 2022 numbers will demonstrate whether the recovery has longevity, or whether the gentle decline will continue. The trendline in the WC is positive, with 66,942 transfers in 2021 the highest recorded in the province since 2008 (see graph below)", she

said.



In both Gauteng and WC, nine out of the top suburbs in which development has taken place since 2008 are suburbs with affordable housing, in some cases transitioning from informal housing to the formal market.

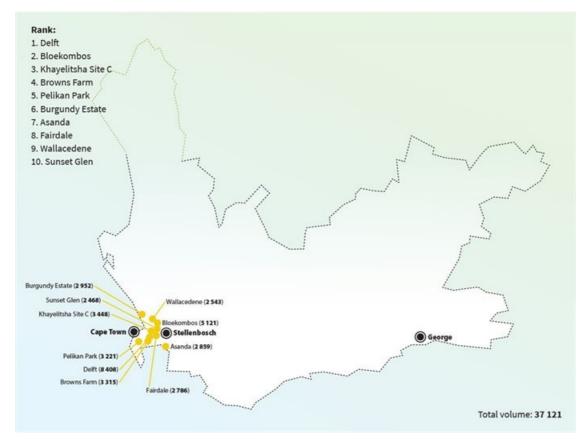


click to enlarge

Ivins-Downes said most residential development since 2008 has taken place in Olievenhoutbosch, a township adjacent to Centurion, south of Pretoria. It was previously an informal settlement and is reportedly one of the fastest growing residential nodes in the province.

Riverside View is adjacent to Steyn City in Fourways and offers both new and resale affordable housing, and third-placed Soshanguve East is located north of Rosslyn's industrial area. Windmill Park on the East Rand, Soshanguve South outside Pretoria and Savanna City, south of Johannesburg all come before Midstream in Midrand, the only higher-income suburb in the top ten. The last three are Nellmapius, east of Silverton, Pretoria, Fleurhof Ext 3-30, south-west of Johannesburg, and Lufhereng, to the west of Soweto.

As with Gauteng, nine of the Cape Town's top ten in terms of development are townships or areas transitioning from informal to formal housing.



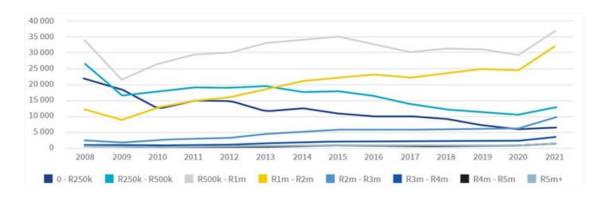
click to enlarge

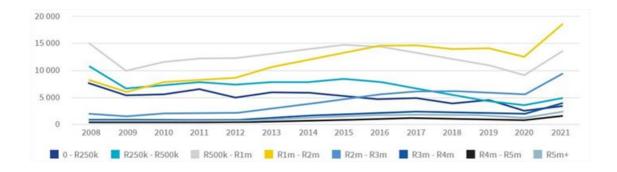
Ivins-Downes said more than 8,400 properties have been developed in Delft, situated next to the Cape Town International Airport, well ahead of Bloekombos with 5,121 properties developed. Bloekombos is situated on Cape Town's eastern border, near Kraaifontein. Khayelitsha Site C is third, followed by Brown's Farm, within Philippi, and Pelikan Park, which is bounded by Muizenberg, Grassy Park and Strandfontein.

Burgundy Estate is sixth, with nearly 3,000 properties developed during this period. Burgundy Estate is 10 minutes from Century City and borders the De Grendel wine farm, and is the only mid-to-upper-income suburb in the top ten.

Asanda, situated near the Asla Industrial Park, is next, followed by Fairdale, next to Eerste Rivier, Wallacedene, on the eastern edge of Cape Town, and finally Sunset Glen, which is just across the M54 from Fairdale.

The graphs below demonstrate that transfers in the WC are at higher values than in Gauteng. "The top three bands in Gauteng are R500k-R1m, R1m-R2m and R250k-R500k, while in the WC, the top transfer band, since 2016, has been R1m-R2m, followed by R500k-R1m and R2m-R3m," she said.





For more, visit: https://www.bizcommunity.com