

Coastal residential market picking up

Negatively impacted by the recession, the coastal residential property market, in particular the leisure market, has battled to regain momentum in the prevailing challenging economic trading conditions. This summer, however, and in particular during the past holiday season, interest and activity in the coastal residential market has picked up among holiday and retirement buyers, Pam Golding Properties reports.



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In KwaZulu-Natal, Carol Reynolds, Pam Golding Properties area principal in Durban, Durban North and La Lucia, said that the Durban beachfront, which attracts both holiday and investment buyers, has seen an increase in enquiries since the middle of 2013.

"The Durban beachfront is popular as it offers entry-level investment opportunities from as low as R300 000. The buy-to-let proposition is, therefore, very attractive to investors because return on investment is higher than most areas, given the initial acquisition cost. At this level, there are no transfer duties. In addition, the Point area is gaining momentum with two- and three-bedroomed apartments the most sought after, with prices ranging from R1.5 million upwards.

Commuting to Joburg

"In Durban North and La Lucia we are also seeing relocations from Joburg, with many families choosing to settle at the coast, with the major breadwinner commuting to Joburg every week for work. The lifestyle offering and climate in Durban are extremely appealing, particularly for young families raising children. Often it is simply a matter of lifestyle choice and families wanting to live in a less-fast-paced metropolitan area. Although many of our buyers are from Gauteng, our market is still largely driven by locals wishing to upscale or downscale within the area. Durban and Durban North offer convenience and proximity to amenities and arguably among the best schools in the country. As a result, the market is relatively stable with constant demand. On the whole, there is a sense of optimism in the market and we are sitting with demand outstripping supply."

Reynolds said that easy access to the beach and facilities is also key and one of the factors that keeps demand high in the Durban, Durban North and La Lucia nodes, plus there are a number of beautiful homes with direct beach access. Frontline

homes on the beach are particularly popular with out-of-town buyers because of the novelty factor and lifestyle offering, while still offering sound value for money.

On the KwaZulu-Natal South Coast in the Margate area, Pam Golding Properties' (PGP) Margate office says that while traditionally enquiries increase over the holiday season, there has been a major shift in trends regarding enquiries - from sectional title to full title properties. Enquiries have also been in the upper end of the market from investors with higher equity; in other words not requiring large bonds, said Dina Porteous, PGP's area principal. "Generally they are Gauteng and KZN buyers seeking a home away from home, which, ultimately, is a long-term investment. There is also the added benefit of being able to enjoy the South Coast's attractive Blue Flag beaches, which are less crowded than some other popular coastal destinations. This coastline is renowned for offering value-for-money property and there has been a noticeable trend in upcountry families' relocating to the area for better quality family life, with direct flights between OR Tambo International Airport and Margate Airport fuelling this trend. Beachfront homes range between R4.5 million and R20 million in price," she said.

Satellite police stations

In Port Edward, the local PGP office reports that enquiries and actual sales have definitely picked up in recent months. This coastal town is also experiencing a change in demographics, where erstwhile holiday homes are becoming residences for new buyer groups. Said Cathy Molyneaux, PGP's area principal: "We are finding that the Trafalgar area is popular among upcountry visitors from Gauteng, Limpopo and Mpumalanga, as well as Eastern Cape buyers. With security markedly improved due to satellite police stations having been set up along with strong neighbourhood watches, husbands can work away from the area while children attend good schools. The lower south coast is very competitively priced compared with other coastal areas and offers in most cases better weather and beaches in more tranquil surroundings."

In Port Elizabeth in the Eastern Cape PGP's area principal Ian Olivier said that interest in coastal property definitely increased this summer, particularly homes with a sea view and generally priced up to around R2 million. "You can even buy a front-line home for under R3 million. We recently sold a two-bedroomed home, built in the 1950s, for R1.7 million, which the new owner then demolished in order to build a beautiful modern home - a front-line property in Seaview. Buyers comprise mainly local buyers seeking primary homes, as well as those from upcountry and Western Cape relocating on business or for a better lifestyle, and investors seeking a home to retire to in the future. Increasingly, we are seeing overseas buyers (from Germany, the US and even The Philippines) looking for leisure property.

"With upmarket shopping malls, attractive, warm swimming beaches, good schools and our own airport, Port Elizabeth offers a healthy family lifestyle away from hectic city life, with areas such as Summerstrand particularly sought after and with a shortage of stock in the R2.5 million price range.

It's also an ideal stop for international visitors flying in to access our Eastern Cape game reserves and tour the scenic Garden Route. Positive factors of relevance to the property and leisure markets are that Kings Beach has just been upgraded with ponds, playgrounds and pools, while the university has expanded the Business School at the 2nd Avenue Campus, with plans for further expansions within the area," said Olivier.

Also in the Eastern Cape, during the recent high summer season, Pam Golding Properties Kenton on Sea says the area experienced a definite increase in enquiries and activity with locations most in demand being Kenton and Cannon Rocks. "January 2014 was our best month since May 2012, and this was followed by another month of good sales in February," said Michael Wilmot, area principal of PGP.

Renewed interest in holiday properties

"Most importantly, the demand is for well-priced properties offering sound value for money, and there is renewed interest in holiday properties, particularly in Kenton on Sea and Cannon Rocks. In Cannon Rocks and Boknes there is a demand for front-row properties under R3 million, as well as for inexpensive, vacant land under R200 000, the latter from cash buyers. Purchasers are mainly from Gauteng, the Western and Eastern Cape, and Free State, from those seeking holiday

properties and with some looking to acquire retirement properties. Our proximity to the Grahamstown schools and the university is an added attraction among out-of-town parents seeking a lock-up-and-go property or holiday house. Coupled with the Sunshine Coast's natural assets, including attractive beaches, navigable rivers and bush experience, the security and lifestyle attractions are just some of the draw cards for home buyers. Interestingly, in Cannon Rocks we have noted an increase in overseas visitors out of season, specifically Swiss and French kite surfing enthusiasts," he added.

Pam Golding Properties St Francis Bay, which includes Cape St Francis, reports its best summer season in years and has, in fact, doubled its turnover over the past 12 months (to February 2014). The combination of building activity after the devastating canal fire in November 2012, idyllic weather over this most recent peak season, and extensive marketing resulted in a number of sales all over the greater St Francis Bay area. "These ranged from a 20ha smallholding 10km upstream on the banks of the Kromme River, as well as a few plots on St Francis Links, and numerous houses and plots on the canals, leading all the way to Cape St Francis, where we experienced particularly strong demand," said Richard Arderne, Pam Golding Properties area principal.

"We also sold two smallholdings about five kilometres out of town up the Kromme River. The purchasers were a mixture of locals, and Port Elizabeth and Joburg buyers. Nevertheless, sellers still outnumber buyers and, according to FNB, prices for coastal resorts are still about 30% below their 2007 peak in real terms. However, St Francis Bay has almost certainly outperformed this national average."

Situated on the Garden Route, the Mossel Bay office of PGP had a huge increase in enquiries in the six months culminating in the recent festive season with a revival in the market for vacant stands, and with enquiries exceeding previous summer season. Keith Murray, Pam Golding Properties area principal said that this resulted in 25 successfully concluded sales - indicating a marked improvement in the movement of property. "Purchasers are mainly acquiring leisure homes or properties for future retirement on the coast, with the majority from Gauteng and some from Cape Town and the central provinces. However, the rand value has been low, bearing in mind that most of these were plots which sold from R250 000 to R1 million and houses and apartments which sold between R550 000 and R1.3 million.

"Our biggest demand has been in Pinnacle Point Beach & Golf Resort, which has gained market confidence with very affordable prices for investors, while in Mossel Bay in general, low-priced homes are still very much in demand with a few enquiries in the upper end of the market from R3 million to R12 million. Interestingly, we have had enquiries regarding Pinnacle Point from a number of international buyers, for properties priced from R350 000 for vacant land to a beautiful cliff-front house at R14 million, as well as lodges and villas priced between R750 000 and R1.8 million," said Murray.

A slower paced lifestyle

In the scenic Western Cape coastal towns of Witsand and Stilbaai, along the area known as the Blombos coast, Pam Golding Properties has been seeing heightened interest among upcountry buyers, including Gauteng and Limpopo - particularly those who have visited the area as a holiday destination and wish to settle in a safe haven and enjoy a slower paced lifestyle, said Jennifer Seggie, Pam Golding Properties area principal. "There is also interest from Capetonians, especially in seafront properties as the area is much closer than other Garden Route destinations and our prices are very competitive. PGP is currently marketing a number of river-front and seafront properties zoned agricultural, ranging in size from 30 to 450ha and priced from R3.5 million to R14 million. Two of these are currently under offer. We are also noting an increase in the expatriates choosing to return to South Africa for their golden years, with the addition to our village of an acute hospital and a day clinic definitely adding appeal, as well as the weaker rand.

"In terms of holiday homes the highest demand is for properties as close to the water as possible, although in Stilbaai these homes tend to be the older houses, needing work and often on smaller plots. Those looking to relocate tend to go for value for money, choosing the established suburbs and settling for distant blue views. Buyers opt for a variety of leisure homes, with the highest demand from approximately R1 million to about R1.3 million. Front-line homes are popular but the premium price paid and the high maintenance costs put them out of the average buyer's budget," she said. PGP is currently marketing a number of river-front and seafront properties zoned agricultural, ranging in size from 30 to 450ha and priced from R3.5 million to R12 million.

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