

# Property boom in Garden Route offset by stock shortages

According to Lew Geffen Sotheby's International Realty, the Garden Route property market has demonstrated a steady upsurge in demand over the past year, strengthening to such an extent that there is now a dearth of available sale stock in many areas.

Steven Neufeld, manager principal of Lew Geffen Sotheby's International Realty in Plettenberg Bay, says: "The first half of 2016 has been our best year to date for this period and, while there has been significant market growth across the board, the most notable increase has been in the demand for homes in gated estates and sectional title schemes.



"It's also very encouraging to see that Plett's surfeit of vacant land is selling well again as an increasing number of savvy investors are realising that plots here are very accessibly priced and that it's still possible to buy land for considerably less than the developed cost."

## Buoyant trend-bucking market

Tim Kirby, principal of Lew Geffen Sotheby's International Realty in George and Wilderness, also reports a buoyant trend-bucking market that shows no sign of abating.

"We have been exceptionally busy in George and Wilderness during the past year, but the unrelenting demand is beginning to affect stock levels, which will be under severe pressure by year-end.

“Interestingly, the market vivacity hasn’t yet translated into a perceptible hike in property prices as it has in most towns near the coast in the Western Cape, so there is still excellent value to be found in and around George where investors can buy a lot of house for their money.”

The most active segment in George is the mid to upper market sector with the most popular properties being in the R1.8m to R2.8m price band, while Wilderness is currently experiencing a mixed demand for well-priced vacant stands and developed properties.

## **Stock shortage**

Dwindling stock levels is also likely to be Knysna’s biggest challenge for the remainder of 2016, according local Lew Geffen Sotheby’s International Broker Principal, Sheena Maré.

“Although the upswing we are currently enjoying has been phenomenal in terms of sales and economic growth for the area, we are beginning to see a shortage of available stock, especially in the entry-level and middle markets.

“This is not only an impediment to prospective sales, but is pushing up prices and in the past year alone, we have seen entry-level prices in the most sought-after areas jump by almost 60%.”

Maré adds that although the top end of the market is still the least active with a wide selection of property available, there has been a positive shift in this sector since the beginning of the year.

“Until recently, sales of more than R5m were rare and considered noteworthy, but buyers are now prepared to invest a lot more in Knysna and we have received a great deal of interest in our property listings in the R10m-plus price band.”

## **Record-breaking year**

Hein Pretorius, broker principal for Lew Geffen Sotheby’s International in Plettenberg Bay says: “With 483 property registrations already recorded between January and the end of July, 2016 looks poised to be a record-breaking year, with the previous high being in 2011 when 611 properties were registered.

“It’s a distinct possibility when one considers that almost 40% of the house and estate sales concluded during the past year occurred in the past three months between May and July, with 57 sales to a combined value of R121.21m (houses) and 47 transactions worth a total of R131.67m (estates) recorded respectively.”

Citing Lightstone data, Pretorius adds: “These figures also highlight the soaring demand for homes in secure estates, which make up around 21% of a property landscape still dominated at around 65% by freestanding houses.”



## **An inevitable revival**

Lew Geffen, chairman of Lew Geffen Sotheby's International Realty, says that although slower than Cape Town and surrounds, the Garden Route market's revival was inevitable when one considers the Western Cape's market surge in recent years and the main driving forces.

"The growing influx of upcountry investors moving to the Western Cape has seen property prices in Cape Town soar and as a result, buyers have started to look further afield to other coastal towns where they can enjoy a relaxed lifestyle at more accessible prices.

"Semigration now accounts for 35% to 40% of all purchases along the Garden Route and includes families seeking a better quality of life as well as retirees wanting to enjoy their golden years at a slower pace away from the hustle and bustle of the city."

Says Maré: "For the first time ever we are now selling more primary residences than holiday homes to Gauteng buyers and we have also had a record year of sales to foreign investors (18%) who are not only attracted by the weak rand but are also driven by the increasing instability in Europe due to the refugee crisis, terror threats and lacklustre economies."

Neufeld also reports an increase in foreign buyers in Plettenberg Bay this year with these investors accounting for 15% of their sales as opposed to around 5%, which has been the average for the past few years.

"The majority of our investors (35%) are from Gauteng with most of the sales being cash, a quarter of the buyers are local and about 10% are from Cape Town, with a similar number from Pretoria."

## **Spike in rental market**

The rental markets in all three areas have also spiked with a dramatic increase in demand for long-term rental properties and a subsequent lack of suitable available homes being reported by agents.

However, the market revival and boost to the economy in the Garden Route is also attracting developers and there are several developments under construction or in the pipeline to service the ongoing demand.

In Knysna two large upmarket retirement villages are currently being built and a lifestyle estate in Brenton-on-Lake alongside the lagoon is also underway.

Several gated communities and retirement villages are also under construction in George and in Plett a modern sectional title development was recently completed.

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