

High rates hinder appreciation in the upper price bracket



By [Bill Rawson](#)

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The unprecedented rises in Cape Town's rates and taxes on residential property, especially those in the upper price brackets, will inevitably mean that the city's more expensive homes will not appreciate significantly in value in the next one to two years.

Some owners may, in fact, have to accept that if they want to sell in the R10 million-plus bracket now, they will probably have to do so at a price that seems unsatisfactory to them.

Conversely, there are now clear signs that activity in the upper-middle brackets (R4 million to R10 million) has picked up and sales, despite higher rates and taxes, are improving.

In the circumstances, professional valuers may have difficulty in pricing Cape Town's more expensive homes these days. The bank valuers are always relatively conservative and they have recently been down-valuing many of the top bracket homes - and right now there seems little prospect of this changing.

Upper bracket homes are, however, a good long-term investment, which remains true of almost any Cape Peninsula home and the reason for this can be explained by any competent estate agent: the lifestyle, the good facilities and the fairly limited opportunities for new development within the Cape Peninsula must ensure that this area remains a prime property investment precinct - and the low value of the rand makes this an ideal time for members of any First World country to come and get a foothold in the Cape.

ABOUT BILL RAWSON

Bill Rawson is chairman of the Rawson Property Group.

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