

Brisk recovery of Central Cape Town residential market surprises analysts

The brisk pace of recovery in property sales over recent weeks in Cape Town's Central City residential market has surprised market analysts and estate agents alike. This following the sharp slowdown in activity during the national lockdown and the subsequent delays in the reopening of the Deeds Office.



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According to Alisdair Crofton, Rawson Property Group Cape Town CBD franchisee, “More first-time buyers and out-of-town investors are taking advantage of the record-low interest rates. Sellers are also motivated to sell faster and are therefore less likely to push for top-end prices. There is a steady flow of sellers looking for valuations with reasons ranging from needing cash to selling investment properties in order to prop up a business for a while. The next six months moving into the first quarter of 2021 will be very interesting.”

Increase in listings

Basil Moraitis, regional manager: Western Cape at Pam Golding Properties, advises that, “Whilst this market continues to perform solidly, we’ve noticed a significant 38% increase in listings coming to market when compared to the period prior to the lockdown, which indicates that this market is still very much a buyer’s market and consequently correctly pricing new listings is critical to success.

“PropStats, the reporting division of the Institute of Estate Agents, clearly shows the emerging trends: June and July 2017 shows 28 concluded sales at an average selling price of R2,509,743, just 4.7% less than the listed price. For the same period in 2020, after the recommencement of residential real estate activities, there were 15 sales at an average selling price of R2,016,667, 14.6% under the listed price. This is a correction of about 20% off the market highs in 2017.”

Correction in property prices

Says Tasso Evangelinos, CEO at Cape Town Central City Improvement District (CCID), “There is no doubt that property prices in the area have declined over the past six months, with the deterioration in business conditions caused by the nationwide lockdown accelerating the pre-existing correction in property prices.”

“This price correction is an inherently good sign as it means that the previously elevated prices are adjusting to prevailing economic realities.”

Affordable housing

That said, the adjustment in property prices is also a welcome sign of things to come, specifically, more affordable housing within the city centre. Ryan Joffe, the owner of Ryan Joffe Properties which is currently developing The Rockefeller aparthotels in the CBD, says creating more affordable housing options within the city centre will be a trend in the coming months.

“Through these types of projects, a lot of people can get into the market by buying and the low interest rate environment certainly helps.” Additionally, he says affordable projects that qualify for the city’s housing subsidy will result in an increase in people migrating to the city centre and “buying for the same price they were renting at before”.

Adds Evangelinos: “Cape Town’s CBD offers excellent investment opportunities for first-time buyers and savvy investors who wish to enter the market, even more so now that prices have corrected and interest rates are at the lowest level in nearly 50 years.”

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