

2021 a bumper year for property, stock shortages loom for sought-after areas

According to Yael Geffen, CEO of Lew Geffen Sotheby's International Realty, while the pandemic might have exacerbated an already beleaguered property market in 2020, it has since fuelled a bumper year in many areas in 2021.



Source: Dereje Belachew © [123RF.com](https://www.123RF.com)

“After the hardship of lockdown, Covid has opened the doors for better living and many people are now looking to change homes in order to change their lifestyles.

“A *Business Insider* survey has found that almost 20% of South African workers are planning to relocate to another city, and continue working remotely for the same company, a trend that has steadily grown since the first hard lockdown.

“It’s also been found that this is particularly prevalent among Gauteng families with the favoured destination being the Western Cape and this is clearly evidenced by the price inflation seen in the province this year.

“According to Lightstone, price inflation in the Western Cape has risen steadily this year, from 4.3% in at the end of 2020

to 6.9% by the third quarter of 2021.

“There was also higher price inflation on the coast where it rose from 6.4% to 7.5% between the first and third quarter while inland areas saw less, from 5.3% to 5.9% during the same period.”

Geffen adds that it’s therefore not surprising that we are starting to see more stock shortages on the coast than inland, but she also points out that this is not exclusively the case.

“Pent-up demand has sparked renewed activity in most areas and record low interest rates also saw a surge of first-time buyers taking advantage of the window of opportunity so stock levels in the entry and mid-market sectors have dropped in many places.”



2022 residential property trends, demand undeterred by repo rate hike

10 Dec 2021



Main driving factor remains semigration

However, the main driving factor in many areas remains semigration and the most activity is being seen at the coast where the most stock shortages are being reported.

According to Richard Foyn, director of the Knysna and Sedgefield office, the current stock shortages and growing demand is driving up prices with the entry-level price for freestanding homes in the scenic town now nudging R3m.

“There are shortages across the board and we’ve never experienced a time when we’ve been unable to find a suitable Leisure Isle property for buyers with a budget of R6m, as recently happened.

“In fact, for the last month, until our new listing in Bowden Park, the entry-level on the Island was R7.4m which is a record.”

“That doesn’t mean that house prices have escalated by millions of rands, but rather that all the smaller and more affordable options have sold.

That said, there has been a notable price increase and homes that would have been listed for R4m a year ago are now being marketed at R5m and spend at most a few weeks on the market.”



Buying a holiday home - what you need to know

Andrea Tucker 7 Dec 2021



Stock shortages along the coasts

In Plettenberg Bay, which for the first time ever topped Cape Town for the highest sale prices achieved, stock levels have also declined.

Steve Neufeld, manager principal for the group in the area, says: “In some sectors there has been a substantial decline and, although we still have some stock, prices have gone up considerably, so where there would have been stock in lower price ranges, they have moved up in price now.”

It’s not only the Garden Route that is experiencing stock shortages due to an explosion in demand – the Cape West Coast

has also been attracting considerable investor interest.

According to Ian Wilkinson, demand for homes in sought-after towns like Paternoster, Langebaan and Yzerfontein has spiked in recent months, with most queries being from buyers in Gauteng and KwaZulu-Natal.

“With increased work-from-home competence, people are looking for properties that offer these capabilities along with lifestyle and properties in these areas are selling fast which is leading to a shortage of new stock.

“Compounding this is the fact that a number of potential sellers are also hanging onto their properties for now as they believe prices are rising whilst others have temporarily withdrawn their homes from the market to first capitalise on short-term rental income during the festive season.”

He adds that although buyers are generally making slightly discounted offers, they are making cash offers to close the deal.

It's also been an unexpectedly busy year in the Winelands, according to Chris Cilliers, CEO and co-principal for the group in the area.

“We've had a fantastic year, especially in terms of high-priced properties, however, our biggest worry going into the new year is the availability of stock.

“The demand for stock across the board has already, to a large extent, outstripped supply in some of the areas in which we work.”

Geffen says that their offices all along South Africa's coast line have experienced a surge in activity this year with stock becoming scarce in many areas, including Umhloti in KZN and Port Alfred where saleable stock under R1,500,000 has become very scarce.



Housing market set to level out, greater proptech adoption in 2022

Meridian Realty 7 Dec 2021



Johannesburg still attracting keen investors

However, stock shortages aren't confined to coastal areas as not everyone is looking to move away from their areas and, with Johannesburg being the financial hub of the country, several areas still attract keen investors.

“We are undoubtedly seeing more sales due to emigration or sellers moving to the coast but, with Midrand offering such a broad variety of home, business and investment options and excellent amenities, there is still strong demand,” says manager principal, Grahame Diedericks.

“We are starting to see stock shortages in the R6m to R11m price band, largely because not much is coming onto the market to replace sold stock at the moment as many owners are opting to stay put.”

He adds that although it's still a buyer's market in the area, all signs are pointing towards easing towards a seller's market again.

Cobus Odendaal, CEO of Lew Geffen Sotheby's International Realty in Johannesburg and Randburg, says that stock shortages have started to loom in Johannesburg's northern suburbs, especially those which offer the best value for money or are sought-after nodes.

“Stock availability in suburbs like Paulshof, Woodmead and Sunninghill is very low in the R2m to R4.5m price band and new stock is coming in very slowly and we are starting to see the same in Linden, Emmarentia and Greenside.

“And in upmarket Bryanston, although there is a good selection available at the upper end of the market, stock is also starting to run very low in the more accessible R6m to R11m bracket.”

“Omicron may have put a slight damper on the market but, with scientists now reporting that it seems to be a milder variant with far fewer hospitalisations, all indications are that 2022 will begin as this year ended – encouragingly, with ongoing demand driving sales, especially in coastal regions,” concludes Geffen.

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