



Robberg Beachfront - the sought-after strip where property values soar from one year to the next

STEVE NEUFELD of Sothebys Plett provides a market overview on one of the most sought-after stretches of real estate in the land...

SINCE 2000, property markets around the world - including South Africa and Plettenberg Bay - have experienced some of the most interesting times in property for many decades.

We enjoyed exponential growth that saw properties growing at double-digit figures yearly and in some places properties doubled in value over a 12 to 24-month period.

Then along came the financial meltdown in 2008 and property prices plummeted by as much as 40% in a short period of time. This left many people exposed to negative equity and almost all banks had huge exposure to the downside.

This resulted in the National Credit Act, which sought to regulate how banks lend to clients to stop over-lending. Since then, there has been a

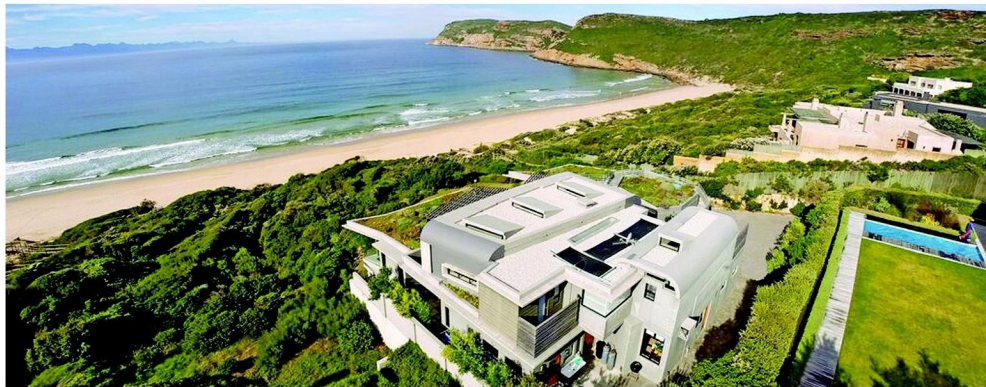
limited recovery in certain sectors.

In Plettenberg Bay, there is still an oversupply of vacant land, so this sector is still struggling. The lower and middle housing brackets appear to be following general national trends, while the top end of the market looks to be doing spectacularly well.

This has all made for a very interesting period in property ownership.

This report deals only with properties on Robberg Beachfront in Plett, which are some of the most sought-after properties in South Africa. There is a limited supply and high demand, which naturally leads to higher values.

Not enough properties transfer in this area to make statistics entirely reliable (about three per year on average), but general trends are evident. At



EXQUISITE: This five-bedroom contemporary eco-design beachfront home was awarded Top 25 Designs Internationally in the World Architectural News Competition 2010 and the asking price is R44-million - call Hein of Sotheby's International Realty on 083 701 3159

a quick glance, it appears that values have roughly doubled between 2000 and 2008, only to lose or stagnate in value until 2012, after which there has been a substantial upturn.

As an example, on the front of Beachy Head Drive in 2013, four sales registered for an average of R17.95-

million (from R16.8-million to R19-million) and in 2014, four sales for an average of R26.25-million (from R25-million to R27-million). This is a 46% increase in one year!

The three sales that have registered so far this year give an idea of the full spectrum of the property market in this area.

There was a sale for R11-million of an older home on Jack Case Street in The Sanctuary area, an auction of a large portion of special residential land further up the beach for R17.625-million (auctions are generally below market value), and R35.8-

million paid for a large home on a double plot in Robberg Beach End.

The majority of buyers are South African and from the Gauteng region.

R43-million in 2013 was the highest Robberg Beachfront price to date and was achieved by Hein Pretorius, principal of Sotheby's International Realty. This was for a very upmarket home on a property zoned as special residential, with land that is much bigger than the average single residential property, while zoning and building regulations also differed.

The highest price for a sin-

gle residential zoned property was shared by two properties on Beachy Head Drive in 2014, which each sold for R27-million.

Current beachfront asking prices range from R9.8-million for a vacant plot (closest to Beacon Island Resort) on Beachy Head Drive, to R29-million for the house next door, and R44-million for an upmarket home in Whale Rock Beach.

It is common practice for older homes to be demolished when sold and replaced with new bigger houses. Over the past few years approximately 10 new or substantially renovated homes have been built.

The figures above were taken from deeds information from South African Property Transfer Guide (SAPTG) on June 25.

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