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# Cape Town leads country in trophy homes

Property bargains still available in pricey local market if potential buyers are prepared to do a little research

RESEARCH by property data company Lightstone has revealed that not only are seven of the 10 most expensive suburbs in South Africa to be found in Cape Town, but the city also boasts the most trophy homes – those valued at more than R20 million – despite being a fraction of the size of Johannesburg, which is the country's economic hub.

Many Cape Town suburbs are also realising record residential property sales prices as measured since the credit crunch in 2008. That, coupled with a spike in buyer demand, has resulted in severe shortages of sales stock, especially at the lower end of the market.

For first-time investors and young families trying to enter a market where even studio apartments can command a king's ransom, buying property in Cape Town can seem like an impossible dream.

So what options are available to buyers who don't want to risk purchasing property in a suburb that has seen better days and is unlikely to ever see

them again?

According to Arnold Maritz, co-principal of Lew Geffen Sotheby's International Realty in Cape Town's southern suburbs, first-time buyers on a tight budget might be better off looking for an investment rather than a home in the southern suburbs, in areas such as Rondebosch, Mowbray and Rosebank where there is a growing demand for student accommodation close to UCT.

"There is little stock available at the entry level, but with some patience it is still possible to buy a small apartment in these suburbs for less than R1m, which is guaranteed to be snapped up quickly on the rental market and is likely to yield a solid return on investment.

"Further south," says Maritz, "in areas like Plumstead and Diep River, it's also still occasionally possible to find an older flat for a similar price, but those tend to be larger, which makes them a better option for young couples buying their first home rather than as an investment property.



**STARTER HOME:** A modern, open-plan one-bedroom loft-style apartment with built-in hob and oven and a separate bath and shower in a neat complex in Plumstead is on the market for R685 000, demonstrating that there are still homes available at entry-level prices.

"Entry-level free-standing houses are more difficult to find in the better, more established suburbs, but if you are looking for a fixer-upper in older districts such as Observatory and Muizenberg, with luck on your side you can still find a

gem that could offer a very good return with a little TLC."

Maritz says the only way to get to know about most of these properties is for buyers to register their details with agents.

"A substantial percentage of these properties are sold within

a day or two of listing to people who are on our buyers' lists. We don't even get a chance to market them before they're gone, so unless you're registering with agents, chances are you'll never even know about a number of properties that were put up for sale because they were bought so quickly," says Maritz.

He also advises buyers to work with an agent to get a bond pre-approval from a mortgage origination company.

"If you're in a race to seal the deal on your dream property that someone else also wants, having a pre-approved bond will go a long way to smoothing the process and will most likely help you secure it."

Getting free bond pre-approvals from mortgage originators also gives buyers a precise idea of their price range and what they can afford, so that they're not disappointed later if a bond is rejected.

Cape Town's growing urban population and increasing demand for residential property close to the CBD has raised property prices in the city and

surrounds exponentially, with base prices now out of reach for many first-time buyers.

However, according to Tina Maylon of Lew Geffen Sotheby's International Realty, parts of Woodstock offer excellent investment opportunities and there are unrenovated properties still available at around R750 000.

On the False Bay coastline, although many areas have experienced increased market interest and a spike in sale prices in recent years, there are still some suburbs which offer excellent value for money and very achievable entry prices.

Steve Thomas, franchise manager for Lew Geffen Sotheby's International Realty in False Bay and Noordhoek says: "Investors who are willing to spend a little time and money on renovation can still find an older free-standing house in Kommetjie from around R1.5m and in Sun Valley, a comfortable entry-level apartment and a relaxed seaside village lifestyle starts at around R600 000. The same

amount of money will also secure the odd older apartment in Muizenberg if you're patient and you hunt diligently."

Beatrix Joubert, winelands regional manager for Lew Geffen Sotheby's International Realty, says the sectional-title developments in Somerset West are an excellent option for investors as well as for young couples starting out, with prices starting at around R850 000.

"In spite of being considered the more upmarket property option in the Helderberg Basin, Somerset West still offers a relaxed, country lifestyle as well as easy access to all major routes and proximity to excellent schools, top-class amenities, popular beaches and various activities for outdoor enthusiasts, which makes the area attractive to young families."

Joubert says the other excellent option in the area is Strand, a seaside suburb that offers excellent value for money.

"In Strand it is still possible to buy a two-bedroom apartment for under R400 000 and a

freestanding house can be bought for just over R1m."

However, Joubert cautions that these accessible prices are likely to increase soon as the area is gaining popularity due to the R180m upgrades that have just begun on the beachfront.

According to Lew Geffen, chairman of Lew Geffen Sotheby's International Realty, the area which offers first time investors and home buyers the most entry-level options by far is the western seaboard.

"It is still possible to find an apartment on the western seaboard for around R600 000 or a freestanding house for under R1.5m, but most of the properties are also more modern and seldom require any further investment."

Says Geffen: "Sunningdale offers compact and modern cluster-style homes with entry level prices of around R1m.

"In Bloubergstrand, apartments are priced from around R750 000 and further up on the ridge apartments can still be snapped up for under R600 000."