

IAN OLIVIER

PROPERTIES

Newsletter

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Let's talk about ... retirement

by Ian Olivier



Even in depressed markets, certain properties remain in demand. In what's undeniably been a tough year for the industry, **Kragga Kamma Retirement Village** in Fernglen, PE, has more than held its own in terms of both demand and capital growth. Why? Because well-run retirement complexes in good areas are in short supply. Our resident agent Yvonne Lumb—who also happens to be the chairperson—says one of the complex's strengths is that both selling agents and prospective owners are carefully screened. She also points out that the Village hasn't been affected by the adverse economy. If you're thinking of retiring, there's little to beat buying into this safe complex with its pretty homes and excellent frail, medical and holiday care facilities. And if you're a developer, please give me a ring—I was involved with the Village from conceptual stage and turning the first sod so will be able to advise you on how to avoid the many pitfalls. My advice to you—or to children of parents nearing retirement age—is not to wait too long considering that there's already a lengthy queue of buyers in line to make Kragga Kamma their new home. Something else to consider is that banks are reluctant to give bonds to people over the age of 60. While this isn't a problem for those with existing properties or significant savings, it's a major headache for anyone who hasn't the financial means to buy a retirement home outright. We know of many instances in which children are financing their parents' retirement homes. So, if you or your parents are getting to that stage of life, please give Yvonne (083 995 6234) or me a call and we'll help you find a golden home for your golden years! *Until next time, ciao ciao!*

Pumping 2010 property profits

2010

By Barry Washkansky
Courtesy of
www.sapropertyinvestor.co.za

There is a lot of talk at the moment about the local property market starting to emerge from its slump. Let's face it, property owners and investors had it good for a long time in South Africa. They bought a property, hung on to it for a while, flogged it and made enormous ...

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House price deflation is slowing down



Compiled by Jacques du Toit,
Senior Property Analyst
Absa Home Loans

Year-on-year price deflation in the South African housing market appears to have turned the corner and is slowing down, according to Absa's calculations. On a month-on-month basis, house price deflation slowed down from April to June this ...

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Cancel your utilities bills or PAY!



Sellers who don't ensure that the municipality disconnects their utilities (lights and water) on transfer of the property are likely to continue to be charged for consumption by the new owners—not a happy thought! We're in the process of trying to help someone resolve this exact problem—she's being held accountable by the municipality for the new owner's water and lights usage which stands at thousands of rands already and climbing. So don't forget to disconnect!

NEW LISTING: Summerstrand R2,995m



Light and Airy!

This immaculate house with its lush garden offers a fabulous lifestyle! Sparkling pool set into deck; large open-plan living area, lounge, reception

and dining rooms. Great kitchen with granite tops, fridge, gas hob & washing machine. Bedroom & TV room on mezzanine level, 3 more huge bedrooms below.

Call Vana McGee on 082 449 4933 to view.

[Click here for more info](#)

IOP Property Portfolio:

[Click here](#) to view our complete property portfolio, or go to www.ianolivierproperties.co.za



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http://www.sapropertyinvestor.co.za/view_article.php?id=http://realestateweb.co.za/realestateweb/view/realestateweb/en/page319?oid=49676&sn=Detail

profits. Investing in property was a no-brainer for those with cash or available credit looking to cash in. No more.

The property market has felt the recession keenly and the last year has been a tough one for property owners, particularly those who bought in the "boom times" and are now struggling to recoup what they paid for their properties.

The tide though, does seem to be turning, albeit slowly. As summer approaches and we enter the final quarter of 2009, the magical year, 2010 is almost upon us. Yes, WC 2010 is not far off; stadiums are receiving final touches, infrastructural changes continue apace and property owners are finally licking their lips at a possible big pay day come soccer time 2010.

But is this the reality? Should you be selling and buying something larger in anticipation of a world cup property boom? And will big money be made as well-heeled soccer lovers from around the world fall in love with Cape Town, Durban or even Johannesburg (stranger things have happened) and start snapping up properties still relatively cheap to them?

Well frankly, "no" is the only answer I can up with. While the WC will definitely have an effect on the market it doesn't necessarily translate into a mini property boom. Chances are many owners will expect unrealistic prices for their properties and price themselves out of the market.

... So sure, 300 000 people may arrive but there is no indication that they'll will be snapping up properties to go with the African curios they'll be lugging back with them. While the obvious rise in short term rentals might cause a few locals with available cash to buy properties and some speculators will definitely gamble on wealthy foreigners paying exorbitant prices for properties they probably don't need, the true impact is guess work.

France 1998

Many look back to the 1998 world cup in France and mention that Paris' property prices rose more than 55% over a one-year period. But that is Europe with a large wealthy population with quick and easy access. South Africa is a long haul destination, which despite offering good value for money for those with foreign currencies, is still a tiring flight. It is expensive to get here.

The more obvious answers lie in how we sell ourselves to a foreign market. Many soccer fans will be visiting us for the first time and might well fall in love and purchase some real estate. This happened in Sydney in 2000 when they hosted one of the best Olympics ever. They didn't just punt Sydney but marketed the whole of Australia as a desirable place to visit, play, live and own property.

The spending on infrastructure will automatically increase the value of properties in some areas and, like France in 1998, certain neighborhoods may be completely rejuvenated leading to massive price increases.

Opportunity of a lifetime

Instead of speculating on massive price increases on properties countrywide, it is more practical to look at what is happening in SA today. We have a relatively strong economy, a growing middle class and a unique and once-off opportunity to host hundreds of thousands of visitors in our spectacular country. Not too mention a captive audience of millions watching on TV. The beautiful game set in a beautiful country: who can resist?

In real terms it all boils down to what kind of show we put on. This will be South Africa's biggest marketing opportunity since 1994 and if we succeed in drawing the crowds and pleasing them while they are here, the spin-offs not only for the property market but for the entire economy will be huge. This means local players need to look a little further down the line, past the world cup, making sure that new infrastructure benefits South Africans long-term and that the billions spent on new stadia provide us with magnificent new facilities and not just expensive white elephants blotting our scenic landscapes.

Property in South Africa is still relatively undervalued in global terms particularly now, and some will definitely get lucky come the world cup matches, but a massive short term boom in property prices is unrealistic and while the WC may well be a good time to sell your property realistic pricing as always is crucial.

(Article edited)

year, with price inflation recorded in July and August. These month-on-month trends contributed to year-on-year price deflation tapering off in the past two months.

Middle-segment house prices (see explanatory notes) were down by 3,4% year-on-year (y/y) to around R933 300 in August 2009 (-3,7% y/y in July and -3,8% y/y in May after revision). On a month-on-month basis, prices were up by a nominal 0,2% in August, after a marginal increase of 0,03% was recorded in July. In real terms, prices were down by 9,7% y/y in July this year, after declining by 10% y/y in June. In the category for **small houses** (80m²-140m²), the average nominal price was 4,9% y/y lower in August this year (also -4,9% y/y in July after revision). This brought the average nominal price of houses in this segment to about R648 100 in August. In real terms, prices dropped by 10,9% y/y in July, after a similar year-on-year price decline occurred in June.

The average nominal price of **medium-sized houses** (141m²-220m²) declined by 4,3% y/y in August (-3,9% y/y in July after revision), which brought prices in this category of housing to an average of about R908 700. This translated into a real price decline of 9,9% y/y in July this year (-9,7% y/y in June). In respect of **large houses** (221m²-400m²), the average nominal price was up by 1% y/y in August (0,6% y/y in July after revision). This brought the average nominal price to R1 398 100 in August. In real terms, the average price of large houses was 5,7% y/y lower in July, compared with a decline of 6,6% y/y in registered June.

The South African economy is in recession after contracting for three consecutive quarters up to the second quarter of 2009. However, some positive developments with regard to various economic indicators were evident in recent months, with the economy expected to bottom and starting to recover late this year. These developments include:

- Indications that the global economy may be on the path to recovery.
- Real GDP contracted by 3% quarter-on-quarter (q/q) in the second quarter (-6,4% q/q in the first quarter).
- The Reserve Bank's leading business cycle indicator increased for three consecutive months up to June.
- CPI inflation slowed down to 6,7% y/y in July, while producer prices are in deflation since May.
- Interest rates have been cut by a cumulative 500 basis points since late 2008, with another rate cut expected in the near term.
- A surplus on the trade account was recorded for three consecutive months up to July.
- The Purchasing Managers Index (PMI) is on a rising trend since May, and although still very low, it is at its highest level since January 2008.
- The pace of nominal year-on-year house price deflation is slowing down, while prices are rising on a month-on-month basis.
- New vehicle sales volumes have trended upwards after bottoming in April.
- The number of insolvencies in respect of individuals was markedly lower in the first half of 2009 compared with the same period last year.

Nominal year-on-year house price deflation is expected to continue to slow down in the rest of 2009 and up to early 2010, after which price growth is forecast to turn positive. House prices are forecast to decline by around 3% in nominal terms in 2009, while prices are projected to decline by almost 10% in real terms this year. Nominal house price growth of about 2% is forecast for 2010, with prices set to drop somewhat further in real terms next year on the back of expected low nominal price growth and projections for inflation.