

## **Makana Property Report covering the registrations in May 2021**

At first glance you are excited to see the number of registrations for the month and the value of these registrations! But then out comes the pin and your bubble is burst.

What has happened, it would seem, is that some newcomer to the Deeds Office added cents (point, nought, nought) to the first few registrations, turning R980,000 into R98,000,000. And so on.

This is easily fixable for the sake of this report but is going to skew the selling price averages over the rest of the year if not corrected. Let' s see how difficult that might be.

Please note that this report covers all the towns in the Makana municipality, Makhanda/Grahamstown, Rini, Alicedale, Salem, Sidbury and Riebeek East. We will also distinguish between the Full Title registrations and the Sectional Title as they are completely different properties and investment markets.

### **1. The Rini market**

No fireworks in Rini this month in terms of the value of the properties, but it is encouraging to see that Makana Municipality managed to transfer 6 erven to new owners. Other than those, there were 15 registrations for value and at a total value of R953,000 and an average of R63,533.

### **2. Riebeek East**

No transactions.

### **3. Agricultural and Industrial**

No registrations per se, but there were 2 transactions in Stones Hill totalling R4,212,500, which would indicate that Stones Hill is still a popular area, and, because of scarcity, prices are holding up.

#### 4. Grahamstown/Makhanda

The unit sales are up 20% on last month, 12 versus 10, but the value is a lot down, R3,495,000 which means the average selling price is considerably lower, R1,055,833 compared to last month's R1,616,500. This average is very similar to the March average and seems to be where most of the market activity is taking place.

##### GRAHAMSTOWN/MAKHANDA FREEHOLD SALES BY SUBURB

Suburb	Registrations	High	Low	Total ZAR	Average
Central	3	997,000	135,000	1,872,000	624,000
Sunnyside	1	950,000	950,000	950,000	950,000
Kingswood	3	1,250,000	468,000	2,568,000	856,000
Hill 60	0	0	0	0	0
Oatlands	1	1,050,000	1,050,000	1,050,000	1,050,000
Oatlands North	0	0	0	0	0
Somerset Heights	1	200,000	200,000	200,000	200,000
Fort England	1	980,000	980,000	980,000	980,000
Westhill	2	3,100,000	1,950,000	5,050,000	2,525,000
Vacant Land	0	0	0	0	0
	<b>12</b>			<b>12.670,000</b>	<b>1,055,833</b>

#### 5. Sectional Title

Some very encouraging figures here! There were 10 registrations with a high of R1,500,000 and a low of R500,000 twice giving an average of R789,000 and a total value of registrations of R7,890,000. These registrations may well signal returning confidence in the student market as the date of sale would likely be February or March this year. This was around the time when lockdown and class attendance rules changed, and the students started returning. However, there is also the first-time buyer involved who has decided to buy and pay their own bond rather than rent.

Let's hope that the June transaction levels similar.



If you read Rode's Report 2021:1 (and chapter 10 in particular) you will see that this cartoon doesn't reflect the general state of the residential property market (see [https://www.rode.co.za/RR\\_2021\\_1\\_digital\\_06\\_04\\_2021.pdf](https://www.rode.co.za/RR_2021_1_digital_06_04_2021.pdf)). The report says that in the first 2 months of this year house prices grew at 4% p.a. compared to inflation of 3% p.a.

House price resilience is based on two factors, low interest rates and the conversion of middle-income earners from being tenants to owners.

In our city we are definitely seeing the latter trend taking place, not in large numbers, but there are definitely first-time buyers taking advantage of the low interest rates.

However, for our city, the elephant in the room is the Makana Municipality. The recent protests have highlighted the negative impact its poor performance has had on the lives of its residents.

## 7. Properties "For Sale"

A search of the "Property 24" website on 16 June gives us the schedule of properties for sale in Grahamstown/Makhanda by suburb and by property type below. It makes interesting reading!

### PROPERTIES FOR SALE AS AT JUNE 2021

Suburb	Houses	Flats	Town House	Land	Small Holiday & Farms	Total
Central	11	69	3	0	0	83
Sunnyside	28	11	1	1	0	41
Oatlands	22	11	1	0	0	34
Westhill	31	25	1	1	0	57
Kingswood	16	4	10	2	0	32
Fort England	8	0	1	0	0	9
Somerset Heights	7	0	1	0	0	8
Cradock Heights	5	0	0	2	0	7
Oatlands North	11	0	10	1	0	22
Hill 60	5	0	0	0	0	5
Rini	5	1	0	0	0	6
Fingo	1	0	0	0	0	1
Rural & Industrial	1	0	0	13	17	31
	<b>151</b>	<b>120</b>	<b>28</b>	<b>19</b>	<b>17</b>	<b>336</b>

## 8. Conclusion

We are close to the end of June and the total house sales so far this year is 171. This is for the whole of Makana, which is basically Grahamstown/Makhanda. This is OK, but not great. Let's hope that the Rode's Report is not correct when they speculate that the market might be cooling off!

One interesting aspect of the market is the age profile of buyers and sellers. About two thirds of all sellers are 50 years and older while about two thirds of all buyers are between 49 and 18. So, if all the sellers manage to sell and the buyers buy, the age profile of our city is likely to drop.

Are we seeing the results of the exodus of people from the major centres in our profile? Have the work-from-home people discovered you can save on school fees if you live in Grahamstown/Makhanda? Or are the interest rates bringing first-time buyers into the market at all levels?

The answer is that it is a combination of all of these. Let's hope it accelerates so that property prices can appreciate faster than inflation.

I have selected some properties on offer with links for you to view on page 6.

Regards



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Properties you might like:



**2 & 7 Arlington**

[https://www.grahamstownproperties.co.za/gtn\\_properties/a-captivating-2-storey-victorian-gem/](https://www.grahamstownproperties.co.za/gtn_properties/a-captivating-2-storey-victorian-gem/)



**4 & 6 Fletcher Street**

[https://www.grahamstownproperties.co.za/gtn\\_properties/price-profit-and-position-all-line-up-together/](https://www.grahamstownproperties.co.za/gtn_properties/price-profit-and-position-all-line-up-together/)



**9 Somerset Corner**

[https://www.grahamstownproperties.co.za/gtn\\_properties/profitability-is-the-word/](https://www.grahamstownproperties.co.za/gtn_properties/profitability-is-the-word/)



**10 Somerset Corner**

[https://www.grahamstownproperties.co.za/gtn\\_properties/section-10-somerset-corner/](https://www.grahamstownproperties.co.za/gtn_properties/section-10-somerset-corner/)