



The past year saw property buyers and investors having to come to terms with a 2% increase in interest rates and a drop in unit sales. However, confidence in the Cape residential property market remains high and has led to further price rises.

"These value improvements will I believe be sustainable for the next two or three years," says Bill Rawson, Chairman of Rawson Properties, speaking of the 8% to 12% year on year in price rises.

Rawson said that his confidence is based largely on the way in which the SA economy is being managed: the inflation rate has been kept within the 3% to 6% target range, growth will be close to 5%, and the government is now pumping money into infrastructure and housing – not just social benefits.

"The action in the property market," said Rawson, "has clearly swung to the lower and lower middle income categories, where first time buyers are now much in evidence and where upgrades are taking place across the board, resulting in satisfactory year-on-year price increases.

"No-one can predict if and when a bottoming out might take place, but in the current growth scenario it is definitely not imminent. My advice, therefore, is that for the investor seeking maximum returns rather than a long-term investment, now is a good time to sell homes priced in the R2 million-plus category. The proceeds can be re-invested in less expensive residential property: any home below R1 million, remains a very good investment proposition."

Rawson added that the debate about where to invest is currently hotter than ever. Many people, he said, are now in favour of renting and investing their spare capital elsewhere.

"This course now has considerable advantages, if the investor wishes to stick to property, the capital freed up in this way, can be successfully put into lower income property. Homes priced below R700 000 are appreciating at an above average rate, the prices being boosted by the racial integration that is taking place in the better previously disadvantaged areas."

Looking at alternative avenues of property investment, Rawson said people should now be considering the top loan stock companies like Redefine or Growthpoint which can probably look forward to 30% plus per annum growth.

