

Is Port Elizabeth SA's Next Investment Hotspot?

A wide selection of properties in a coastal haven

By Ingrid Olivier

Port Elizabeth (now known as Nelson Mandela Bay) is both the economic hub of the Eastern Cape and the home of scenic eco-destinations. It has plenty to offer real estate investors, who are already buying steadily in the area, despite the challenges of a climbing interest rate and reduced access to credit following the implementation of the National Credit Act (NCA) last year.

The 'friendly city's' appeal is undeniable, with 40 km of pristine beaches and temperate water, one of the

best coastal climates in the world, every conceivable water sport, a conveniently situated airport, and architectural variety.

The government has made job creation and social upliftment a priority and is committed to the regeneration and redevelopment of the central business district (CBD) and harbour. According to the Trafalgar Inner City Report 2007, this should 'pit the city among South Africa's tourism and property investment hotspots'. The report goes on to say, 'Its various upgrade projects are key evidence that the city is moving in the right direction for rejuvenation,

and this is convincing investors that the inner city could be transformed via public and private sector commitment and investment.'

According to the development planner

Jonathan Mercer, consultant planner with the Development Agency (MBDA), says that according to interested developers, the Western Cape and Durban are oversubscribed and PE is the next big investment area – with good reason.

'The city is neither too small, nor too big. In addition to the sunshine



and beach life, the scenic and historic hinterland is different to any other part of the country.' Mercer is excited by the prospect of the decayed central area once again becoming a sought-after residential zone. The area, with its characterful architecture and established infrastructure is undergoing a facelift and re-branding itself from a crime and grime hotspot to a destination of choice. 'Property has always been seen to be a sound investment, and properties in the central areas are still relatively affordable,' Mercer says. 'After a considerable amount of renovation, many properties are changing hands in Central Hill and Richmond Hill. As the Development Agency continues to make improvements in the inner-city areas, it expects these areas to become ever more sought after. Therefore, prices and rentals, already competitive compared to other areas, ought to rise.'

Demand for rentals in the area is high. There is a growing number of people who cannot afford to buy but have no choice other than to rent, hence the appeal for buy-to-let investors. Others are drawn to the characterful homes: original Settler cottages – Victorian, Edwardian and Cape Dutch houses built from the 1820s onwards – or



provide access to the parking in Chapel Street. Mercer expects the project to enter its second phase in April.

The Parliament Street upgrade is about to begin; plans are on track for the landscaping and environmental upgrading of the Donkin Reserve; and an environmental upgrade of Strand Street is being designed.

A consulting consortium will prepare a land use plan for the Lower Baakens

across the river from the Old Tramways Building, which will be developed by Pambili Developments. Results from this planning and feasibility exercise should be available within the next six months.'

Stuart Scott International is designing and developing the Bus Rapid Transit corridor, which travels along Govan Mbeki Avenue and links into the public transport interchange. According to Mercer, it will be complete for 2010. He adds, 'Work is advancing on the public transport interchange, and additional development possibilities are being discussed. Options include purely residential; combinations of residential, retail and offices; and municipal offices with a possible iconic council chamber in the heart of the metro. The plinth that will house the transportation modal interchange and possible shopping centre deck will also be complete by 2010.'

According to the estate agent

Ian Olivier has been selling residential and commercial property to end users and investors for twenty years. He is

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the Art Nouveau and contemporary buildings. Also, for people who do not have private transport, the established infrastructure makes living in the city centre convenient as all the metro public routes focus on the downtown area.

The first of Port Elizabeth's many upgrade projects, Govan Mbeki Avenue, is complete except for the public toilets and the glass-enclosed escalators, which

Valley and an urban design framework for the northern riverfront area. A development feasibility study will pave the way for economic viability studies by the private sector to develop of these areas. 'We want to determine whether there would be private sector interest in redeveloping the northern riverfront area and, if there is, under what conditions,' says Mercer. 'The northern riverfront is