



Feature Article	Weekly E-News	Upcoming Seminars	Featured Property	Investment of the Month	Book of the Week	Key Property Indicators
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Issue no: 117

01 December '06

Dirk, compare milk and roses to bread and butter...

The South African residential property market has had a lot of ups and downs during this year. However, property commentators are still optimistic regarding the outlook for this sector of the property market.

[Milk and roses give way to bread and butter rises](#) – Rodneyhayter.com, 27 November 2006

Residential property prices are flattening out. But house price growth is still there, if not at the rate of boom times, according to a lead article by Intellectual Property editor Stewart Murray, in the magazine's most recent edition.

The growth in houses prices continues to decline. In September, House prices were only 2, 9% higher than a year earlier – the slowest rate of growth in six years, writes Murray. Car sales and retail returns also slipped lower, reflecting softer consumer activity, partly due to the current bout of interest rate increases but also indicating growing concern among households that the milk and roses days are slipping away.

The five-month moving average growth rate, a useful way of evaluating the trend growth in house prices, decelerated to 6,7% year-on-year in September from 8,7% in August, according to Standard Bank's October Property Gauge. Says the bank: "The moderation in the housing market is expected to continue on the back of deteriorating household finances and the decline in investors' yields."

Nevertheless, the average real year-on-year growth in house prices is expected to register between 13% and 14% for the full 2006 year- compared with 22, 9% growth in 2005. [Read more...](#)

Featured Property

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Upcoming Seminars

[George Robertson's Trust Education Seminar - 4 Hour Seminar](#)

- [Cape Town](#): 10 February 2007 / 09:00 - 13:00 (Saturday)
- [Centurion](#): 03 March 2007 / 09:00 - 13:00 (Saturday)
- [Durban](#): 24 March 2006 / 09:00 - 13:00 (Saturday)

[Schalk Meintjes' Property Investing with Nothing Down - 4 Hour Seminar](#)

- [Cape Town](#): 09 December 2006 / 09:00 - 13:00 (Saturday)
- [Pretoria](#): 17 February 2007 / 09:00 - 13:00 (Saturday)
- [Durban](#): 17 March 2007 / 09:00 - 13:00 (Saturday)



Editor's Note

As we are nearing the end of the year, there are fewer news articles than we are used to, but they are still interesting enough to wet your appetite.

The Mortgage Advances Report for October was released on Wednesday. It was found that Mortgage advances by the monetary sector increased by 30,9% year-on-year in October 2006 (29,6% in September) bringing the total amount of mortgage advances in the monetary sector to R656,4 billion.

Despite higher interest rates since June this year, mortgage advances growth has hovered around 30% year-on-year since March up to October, according to ABSA. Read the [full report](#).

Until next week.

MARKET TRENDS:

[SA mortgage advances still rising in October](#) – Rodneyhayter.com, 29 November 2006

Mortgage advances by the monetary sector increased by 30,9% year-on-year in October 2006 (29,6% in September) bringing the total amount of mortgage advances in the monetary sector to R656,4 billion, according to data released by the South African Reserve Bank today and carried in media release by Absa.

[BEE goes big on property](#) – Moneyweb, 29 November 2006

A newly formed property portfolio group aims to be the breeding ground for young black property professionals.

[Own U.K. land: Offer for SA buyers](#) – Property24, 28 November 2006

The U.K. is facing a crisis as the number of new homes being built fails to keep up with their growing population and influx of immigrants. To alleviate this situation, the English government is releasing more land for development. U.K Land Portfolio is launching this opportunity to South African investors.

[Smiling in the CBD](#) – Business Day, 24 November 2006

The Johannesburg central business district (CBD) has been transformed. After years in the doldrums, the property market in the city centre is experiencing a surge of interest from investors

GENERAL PROPERTY NEWS:

[Cape lettings head for record level](#) – Property24, 29 November 2006

A survey of 15 Western Cape coastal franchises in the Rawson Properties Group has shown that the holiday letting market in the Cape is still extremely active and profitable and has not been influenced by recent interest hikes.

[Offer to purchase can still fall through](#) – Property24, 29 November 2006

When sellers accept offers on their properties, all parties are usually elated. But, warns leading KwaZulu-Natal south coast real estate principal Charles Alterskye, owner of Acutts Amazimtoti Coastal, an accepted offer does not always equate to a confirmed sale.

[Public projects push up building costs](#) – Business Day, 29 November 2006

Huge government infrastructure projects expected to be rolled out over the next few years could "crowd out" private sector development as they push up already high building cost inflation.

[Inner city has 'turned the corner'](#) – Property24, 28 November 2006

Optimism is up and crime is down, reports the Johannesburg Development Agency in its annual inner city report. There is still much to be done, but Joburg is well on its way.

[Landmark buildings snapped up](#) – Business Day, 24 November 2006

There was standing room only at what was the biggest property auction in SA in recent times, where 29 properties came under the hammers of two auctioneers.

RESIDENTIAL PROPERTY NEWS:

[Investors returning to buy-to-let](#) – Property24, 30 November 2006

Investors continue to pour money into buy-to-let flats and townhouses despite rising interest rates and softer rental yields. Latest FNB Residential Property Barometer released last week shows that in the third quarter one in every five property sales was still going to a buy-to-let investor.

[Affordability is key](#) – I-africa.com, 28 November 2006

The South African residential property market has slowed down somewhat in the last year, but there has been increased confidence in the lower-end of the market, with investors buying homes which are affordable, rather than those in the top bracket which are over-priced.

[Building versus buying](#) – Property24, 28 November 2006

Three years ago it would have cost South African consumers 31% more to build a new home than to buy an existing one. The cost premium of owning a brand new house then was around R137 000, based on Absa's then average-priced existing home of around R443 000. But the picture has changed decidedly since.

[Buy-to-let market on the up again](#) – Property24, 24 November 2006

Has the buy-to-let property market turned? Feedback from the marketplace is that the first tentative signs of a return to a better balance of supply and demand in this sector of the property market are beginning to appear.

[Ten ways to pay off your mortgage bond faster](#) – Moneyweb, 24 November 2006

It is the dream of most homeowners to pay off their mortgage as soon as possible and to pay the least amount of interest. Here are some suggestions to help you achieve this.

[Focus on investing shifts downward](#) – Property24, 24 November 2006

With interest rates continuing to rise, the focus on investing in property has shifted to the affordable sector, turning properties in the R300 000 to R600 000 bracket into the most buoyant and lucrative segment of the South African property market, says Bill Rawson, Chairman of Rawson Properties.

COMMERCIAL PROPERTY NEWS:

[Biggest ever rise in property loans](#) – Moneyweb, 29 November 2006

The near-R16bn jump in the value of mortgage advances in October is the highest ever recorded in South Africa and reflects firm appetite for property loans from the corporate sector. Unlike the residential property sector, which has lost steam in recent quarters, the commercial property sectors are pumping.

Opinion Poll

Do you as an investor feel optimistic regarding the outlook for the SA Residential property market?

Top of Form

Bottom of Form

Yes

No

If the "Submit" button is not visible, click here to [vote](#) on our website.

Last week's poll results

As an investor, do you think the time is right to return to the buy-to-let market?

Commercial marketing bulk land sales at groundbreaking Bridge City
– eProp, 24 November 2006

With its extensive experience in commercial land sales, Pam Golding Commercial (PGC), in a partnership with Thulani Shabalala of Shabalala Properties, has been awarded an exclusive mandate to market sites at Bridge City, a R4 billion mixed use shopping and residential centre development in KwaZulu-Natal.

RETAIL PROPERTY NEWS:

New offering for SA Fashionistas – Property24, 27 November 2006

Two new specialist fashion malls opened recently, one each in Johannesburg and Cape Town. The malls offer a unique shopping experience and high-fashion brand names at reduced rates.

LISTED PROPERTY NEWS:

REITs and PUTs – eProp, 29 November 2006

There has recently been a fair amount of media coverage regarding the conversion of Property Unit Trusts (PUTs) to Real Estate Investment Trusts (REITs), but perhaps the issue could use some more clarity.

Liberty International to convert to REIT – eProp, 28 November 2006

UK property group Liberty International's proposed conversion to a real estate investment trust (REIT) will remove tax inefficiencies of the current structure, ultimately resulting in higher returns for shareholders, the group's chairman, Sir Robert Finch, said on Monday.

Baring their beauty – Financial Mail, 23 November 2006

After 30 years behind a veil of silence, SA's big institutions are to reveal all the details of their R50bn property holdings.

SPECIFIC AREAS:

Landlords drawn to Newtown – Business Day, 30 November 2006

Newtown, the trendy entertainment and residential precinct in Johannesburg's inner city, is beginning to attract interest from would-be office landlords.

Fish hoek enjoys all-year buoyancy – Property24, 29 November 2006

Fish Hoek, situated in False Bay, is one of Cape Town's more popular suburbs. The number of actual property sales is down from five years ago, but these sales are substantially greater in rand value per property.

Benoni now ideal for renovators – Property24, 28 November 2006

The Benoni property market has completely transformed and in the process has discarded its "mining camp" image to become a progressive example of

Book of the Week

Rich Dad's Real Estate Advantages: Tax and Legal Secrets of Successful Real Estate Investors

Sharon L. Lechter, Garrett Sutton

Buy this book from:

Our Goal

Our goal is to serve all South African property investors; locally and abroad, residential and commercial, direct and indirect, listed and unlisted, large and small, off-plan and existing, single owners, partnerships and syndications. There are obviously many ways to own property but to make the right choice requires intelligent property investing comparisons. Being well-informed is the first step, so our goal is to deliver all the best property information.

[Sasol expansion aids Secunda market](#) – Property24, 27 November 2006

Sasol's planned increase in synfuels production via a new plant in Secunda is boosting an already lively local property market and creating new opportunities for investors in the buy-to-let sector.

[Club Mykonos to boost developments](#) – Property24, 27 November 2006

Casino Mykonos is one of South Africa's most profitable "small casinos" which, in its half year to end-June, reported revenue of R50 million and gross profits of R22 million.

[Underberg development approved](#) – Property24, 24 November 2006

The Southern Drakensberg is the focus of an exclusive sectional title development, Castleburn resort. The development has been approved and

Did you know?

The heaviest building in the world is the Palace of the Parliament in Romania. This building is made of 1,000,000 m³ of marble from Transylvania and 700,000 metric tons of steel and bronze. It also features 3,500 metric tons of crystal glass and 900,000 m³ of wood and measures 270m by 240m, 86m high, and 92m under ground.

Source: Wikipedia.org

INTERNATIONAL PROPERTY NEWS:

[UK lending hits new October record](#) – Rodneyhayter.com, 24 November 2006

UK gross lending hit a new monthly record in October of £30, 3 billion (about R415 billion), according to new data from lenders and carried on the Royal Institute of Chartered Surveyors (RICS) website.

Featured Property

Superior returns in Commercial

Retail sector needs attention – 9.1% return – Gear it yourself!!

Promoters of property investments learn quickly, but few have gone the distance like the opportunity for this week shows. The directors of this company back their opportunity with a quote supported by not one but two independent registered valuers. Furthermore you can see every cost and expense in clear understandable language. On top of all this they show an analyses on this property based on Sapo figures with the value-based costs of Erwin Rode to demonstrate that you buy in at market value. This is special and we can rest assured that a new standard has been set.

The income starts at 9.1% from year one. At a very realistic projection of capital growth of only 5.64%, the investor should return 15.82% per annum over the next 5 years. This is achieved if sold at a 10% yield. Fantastic to see the end value based on cap rate. Besides this the list of leaseholders are impressive.

Please [show your interest](#) ASAP.

Many Thanks

Oscar de Waal

Registered Financial Services Provider (FSB 4977) Member South African Association of Property Syndicators (SAAPS) Associate Member of the FPI

This Week in History

29 November 2005

As owner of a successful Dallas hat shop, Ebby Halliday was challenged by a customer's husband to sell fifty-two experimental cement homes. After attractively decorating one as a model home, she made the first sale. Within ten months, she had sold all fifty-two houses and had begun a new career in real estate. Halliday opened her own office in 1945, and currently Ebby Halliday, REALTORS® has 26 branch offices and over 1,200 sales associates. Halliday was Texas REALTOR® of the Year in 1963 and President of the Women's Council of REALTORS® in 1956. She was also the first woman to chair the Real Estate Brokerage Council and the first woman to receive the FIABCI (International Real Estate Federation) Medal of Honor. This spring she was presented the Horatio Alger Award, in recognition of her outstanding contributions in real estate.

Upcoming Events

Reserve Bank Monetary Policy Committee Meetings

Dates for 2006: 06 - 07 December

The Estate Agents Affairs Board's Exams

New dates for 2007 to be announced: You must enrol at least 4 weeks before the exam date. For information about enrolling for the Board Examination, [click here](#). For any other information please visit their website:

<http://www.eaab.org.za/>

Real Estate Wealth Expo - One Weekend Can Make You A Millionaire

With keynotes Donald Trump and Robert Kiyosaki

Boston - [02 December 2006](#)

The British Council of Shopping Centres

Edinburgh, UK: 26 – 28 February 2007

<http://www.bcsc.org.uk/scm/>

To [advertise your upcoming property-related event](#), please e-mail Marissa the details.

Investment of the Month

"Welkom" to Platteland Value - Affordable and Packaged for the Investor!

A rare opportunity to benefit from good value and purchase a well packaged property opportunity.

As property investors we find it harder by the day to find those lucrative deals which had been plentiful in the past. 'Nothing down' and 'buy with the bank's money' has become more difficult of late.

The platteland has been punted as the 'next level', but is risky due to uncertain growth, rentals and management. We know that there are areas where development is rife, but to find these jewels requires a lot of effort.

Here is one such example. Affordable housing, bond availability, waiting list for rentals, management agents and promoters all set and ready. The area has shown amazing growth and this supported development is the first of many still to come. Benefit from this opportunity and grow your asset base.

Click here [if you are interested](#).

Previous Newsletters

If you missed a previous issue of this newsletter you can still read it, click here to view our [newsletter archive](#) or here to view [last week's newsletter](#).

Many Thanks

Oscar de Waal

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Key Property Indicators

	Current	Last Week	Last Month	Last Year
Prime interest rate	12.00%	12.00%	11.50%	10.50%
ABSA House Price Index (nominal year-on-year growth)	12.7% (Oct '06)	13.5% (Sep '06)	13.9% (Aug '06)	18.4% (Oct '05)
IPD SA Property Index Total Return: All Non Residential Property	30.1% (2005)	30.1% (2005)	23.4% (2004)	15.3% (2003)
FNB Residential Property Barometer	6.0 (3Q2006)	6.3 (2Q2006)	6.3 (1Q2006)	5.8 (4Q2005)
Property Loan Stock Index	1043 -	1039 ↑ 0.4%	976 ↑ 6.9%	787 ↑ 32.5%
Real Estate Index	812 -	817 ↓ 0.6%	802 ↑ 1.2%	560 ↑ 45.0%
Property Index	290 -	288 ↑ 0.7%	273 ↑ 6.2%	226 ↑ 28.3%
Property Unit Trust Index	357 -	351 ↑ 1.7%	334 ↑ 6.9%	300 ↑ 19.0%
Capped Property Index	281 -	280 ↑ 0.4%	268 ↑ 4.9%	211 ↑ 33.2%
ABSA's Residential Property Perspective - Fourth Quarter				
Standard Bank Property Report				
Absa Residential Building Statistics				
Catalyst Securities – Listed Property				
Mortgage Advances (New)				

Quote of the Week

"The price of success is hard work, dedication to the job at hand, and the determination that whether we win or lose, we have applied the best of ourselves to the task at hand."

Vince Lombardi

Executive Editor
Rian Maartens

Investment Opportunities
Oscar de Waal

Newsletter Editor
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