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24 November '06

Dirk, is now the time to enter the buy-to-let market?

In the past year we have seen a lot of changes in the residential property market and in particular the buy-to-let market. It seems that there is some hope for more positive returns in this segment of the property market.

[Is it time to buy-to-let?](#) – I-africa.com, 20 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.

So says Gerhard Kotzé CEO of the ERA South Africa property group, who notes: "Indications are that the market is entering a fresh cycle spurred on by a number of factors which may point to a revival of the relevance of buy-to-let property investment.

"If these assessments are correct then the last 18 to 24 months of poor returns in this segment may be coming to an end."

He says that during the recent property boom there was undoubtedly over-investment in buy-to-let properties. Figures quoted by Standard Bank for instance show that the number of people on its home loan books with two properties increased by 95 percent from 28 000 in 2000 to 56 000 in 2004. [Read more...](#)

Featured Property

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Upcoming Seminars

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

- [Durban](#): 25 November 2006 / 09:00 - 13:00 (Saturday)
- [Centurion](#): 03 March 2007 / 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)

Weekly E-News

MARKET TRENDS:

[How degeneration became regeneration](#) – Business Day, 23 November 2006

The turnaround story in Johannesburg's central business district (CBD) is making headlines in several leading newspapers - a stark contrast to the doom and gloom that pervaded just 10 years ago.

[Landlords calling the shots](#) – Finance24, 22 November 2006

Companies wanting to rent office space in prime nodes such as Sandton, Menlyn (Pretoria) or the Waterfront (Cape Town) should forget about finding a prestige address for less than R100/m².

[Property boom expected to go rural](#) – Property24, 20 November 2006

The property boom experienced in major British cities - particularly London - has recently shifted to England's country house market; a trend analysts say could be mirrored in South Africa.

GENERAL PROPERTY NEWS:

[No new land claims in KZN for 8 yrs](#) – Property24, 22 November 2006

While the KwaZulu-Natal public in general is under the impression that land claims are being submitted to the Land Claims Commissioner on a regular basis, the fact of the matter is that no new claims have been lodged since the cutoff date of 31 December 1998.

[Calling on all property developers](#) – Finance24, 21 November 2006

In as much as buying a new home or business property in South Africa tends to be an exciting experience; it equally can be a nightmare considering that there aren't many readily available telephone lines connecting to households.

[You've gotta love the country](#) – Moneyweb, 20 November 2006

Leaving the rat race for a quieter life sounds idyllic but if you're thinking of starting a small business in a small town, get the fundamentals right.

[Cold facts about reverse mortgages](#) – Sunday Times, 19 November 2006

The Eastern Cape Development Corporation sold properties to the value of R13-million last year, although this was "inadequate to improve the financial stability of the corporation", acting CEO Aneel Radhakrishna has said.

RESIDENTIAL PROPERTY NEWS:

['Voetstoets': Invalid at times](#) – Property24, 23 November 2006

In South African residential property transactions more problems have arisen from a misunderstanding of the "voetstoets" clause than from any other in the property transaction.

[Property sales still booming](#) – Moneyweb, 22 November 2006

Properties worth nearly R19bn in the price bracket below R2, 5m each were registered at the Deeds office last month.

[Township property market vibrant, says FNB](#) – Business Day, 22

Editor's Note

This week FNB released their Residential Property Barometer for the third quarter. This barometer, which represents the perceptions of 150 real estate professionals in the residential property market, measures activity levels on a scale of one to 10. As can be seen from the Barometer, activity levels have further slowed during the year to date.

The report further said that 23% of buyers are first time buyers and the middle-to-lower market continues to show higher growth levels than the upper-market. It also showed that growth in lower-priced homes in the major metropolitan areas was more than 19% year-on-year. Read the [full report](#).

A quick reminder: George Robertson's last Trust Education seminar for the year will take place on Saturday, 25 November in Durban. [Book your seat](#) now!

Until next week.

November 2006

The residential property market in the country's townships continues to show a higher level of activity than the traditional metropolitan areas, according to the latest First National Bank (FNB) Residential Property Barometer.

[Rates not impacting property](#) – Finance24, 21 November 2006

The latest interest rate hike in October has had little impact on the property market, the FNB Residential Property Barometer reveals.

[Building costs will soar in 2007](#) – Property24, 21 November 2006

With the price of cement and other building products expected to increase substantially sending building costs through the roof, the emphasis next year will be on marketing existing residential properties.

[Houses fetch millions in KZN suburb](#) – Moneyweb, 21 November 2006

Contrary to conventional wisdom, demand in the upper end of the property market is still strong and there are insufficient houses to meet demand.

[Property sellers CAN slash commissions](#) – Moneyweb, 20 November 2006

House sellers should bargain to pay the lowest commission and not be forced to accept rates offered by the agent.

[Invest in your bond when rates rise](#) – Sunday Times, 19 November 2006

As interest rates rise, homeowners have an even bigger incentive to invest any extra money they have in their mortgage bonds, as they will be saving even more in interest on the amount borrowed.

[High 2007 house price rise 'absurd'](#) – Property24, 16 November 2006

It is nothing short of absurd to suggest that residential property prices will show an average 85 percent increase between the end of 2005 and the end of next year.

LISTED PROPERTY NEWS:

[Merger: new development options](#) – Property24, 22 November 2006

The pending merger between Redefine Income Fund and Spearhead Property Holdings merger will result in increased leasing and development opportunities.

[Towering above Claremont](#) – eProp, 20 November 2006

Listed property company, Paramount Property Fund Ltd, is transforming the old Pick 'n Pay HQ site into an exciting mixed use development. Arnold Maresky, a director of Paramount, says that Paramount Towers is one of the most significant developments taking place in the Claremont area.

SPECIFIC AREAS:

[Huge Jo'burg office space sell-off](#) - Business Day, 23 November 2006

Opinion Poll

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

How do you feel about the Gautrain project in Gauteng. Do you think it will be positive or negative for the property market in general?

In what is probably the biggest single sale of office space in the Johannesburg central business district (CBD), about 60000m² of space will go on auction today.

Karoo town: High value, low crime – Property24, 22 November 2006

Almost midway between Cape Town and Port Elizabeth and situated at the foot of the Swartberg mountains, the historic and thriving town of Prince Albert in the Western Cape Karoo is in huge demand in terms of residential property.

Gordon's Bay: Buy now, pay 2008 – Property24, 21 November 2006

LaBella is the latest access-controlled security complex for Gordon's Bay, with the inviting distinction of having prices starting under R500k and the prospect of transfer only in 2008.

Fresnaye: Renowned lodge for sale – Property24, 21 November 2006

Cape Town 's Fresnaye is currently experiencing renewed interest at the top end from both local and foreign buyers. The weakening of the rand is seeing them get 30% off property prices. An African guest lodge, in the area, that is up for sale has drawn interest from overseas buyers but offers interesting possibilities for corporate SA.

Drakensberg golf estate sells fast – Property24, 20 November 2006

With the pre-launch phase at Nondela almost complete, the first Ernie Els Golf Estate in KZN is one step closer to reality. Situated amidst the majesty of the Northern Drakensberg, this estate has seen excellent demand over the last 6 weeks.

KZN's Shelly beach 'burgeoning' – Property24, 17 November 2006

Driven by the strong demand for homes, the popular Shelly Beach area on the lower south coast of KwaZulu-Natal near Margate has since the beginning of 2003 seen a number of new residential developments spring up.

Dubai: V&A 'Just the beginning' – Property24, 17 November 2006

Chairman of Dubai World, Sultan Ahmed Bin Sulayem, has identified South Africa's Western Cape as a key target for future investments during a press conference with the Premier of the Western Cape, Ebrahim Rasool, at the Dubai Press Club on Thursday morning.

JHB North / West pricier than CT – Property24, 17 November 2006

Contrary to popular opinion it's not Cape Town that boasts the highest average house prices in South Africa but Johannesburg's Northern and Western suburbs.

INTERNATIONAL PROPERTY NEWS:

Average Briton can't afford a house – Property24, 16 November 2006

If you think that South African house prices are high, you should compare house prices in Britain. Despite the fact that Britons are paid in pound sterling, fewer and fewer British can afford a house.

Book of the Week

How to Become Wealthy in Real Estate

Stacey Chillemi

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.

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 Sapoa 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

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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.

Did you know?

Karl-Marx-Hof is one of the best-known Gemeindebauten in Vienna and is found in Heiligenstadt, a neighbourhood of the 19th district of Vienna, Döbling. Karl-Marx-Hof was built between 1927 and 1930 by city planner Karl Ehn. It held 1,382 apartments (with a size of 30-60 m² each) and was called the Ring Street of the Proletariat. Only 18.5% of the 1,000 metres long, 156,000-m² large area was built up, with the rest of the area developed into play areas and gardens. Designed for a population of about 5000, the premises include many amenities, including laundromats, baths, kindergartens, a library, doctors offices, and business offices. At over one kilometre in length (1100m) and spanning four tram stops, Karl-Marx-Hof holds the distinction of being the longest single residential building in the world.

Source: Wikipedia.org

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](#).

Many Thanks

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This Week in History

22 November 1963

The assassination of President John F. Kennedy on this day comes amid a rising stock market. Kennedy's unbalanced budget and general uncertainties about his economic policies had caused wariness at first, but the markets soon barged ahead. Market response to the assassination itself followed a similar pattern: dip and recovery. News of Kennedy's shooting in Dallas caused an immediate and huge sell-off. In less than an hour the New York Stock Exchange had lost \$13 billion of its total, and trading was temporarily halted. Market indices in aggregate fell by about 3 percent, but that was recovered when it was apparent that Lyndon Johnson was in full control of the White House.

Source: This day in Business History, Raymond L Francis

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](#).

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BOND

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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 (New)	6.0 (3Q2006)	6.3 (2Q2006)	6.3 (1Q2006)	5.8 (4Q2005)
Property Loan Stock Index	1039 -	1037 ↑ 0.2%	943 ↑ 10.2%	784 ↑ 32.5%
Real Estate Index	817 -	830 ↓ 1.6%	790 ↑ 3.4%	565 ↑ 44.6%
Property Index	288 -	289 ↓ 0.3%	264 ↑ 9.1%	227 ↑ 26.9%
Property Unit Trust Index	351 -	353 ↓ 0.6%	326 ↑ 7.7%	304 ↑ 15.5%
Capped Property Index	280 -	282 ↓ 0.7%	260 ↑ 7.7%	211 ↑ 32.7%
ABSA's Residential Property Perspective - Fourth Quarter				
Standard Bank Property Report				
Absa Residential Building Statistics				
Catalyst Securities – Listed Property				
Mortgage Advances				

Quote of the Week

"The smarter the journalists are the better off society is. (For) to a degree, people read the press to inform themselves and the better the teacher, the better the student body."

Warren Buffett

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