

Beach Properties Test New Highs

Property punters who put money into undeveloped coastal land in recent years have reason to feel rather chuffed with themselves. Prime land values have generally doubled over the past two to three years in many coastal cities and resort towns, whether that's in Clifton or Cape St Francis.

And most industry players expect coastal land prices to continue to outpace general house price growth over the next few years as undeveloped land with good beach access and views becomes increasingly scarce.

Estate agents say it's already hard to find a vacant beachfront stand anywhere on South Africa's coastline for less than R2m. Buyers can now expect to pay anything between R1 500/m² and R6 500/m² for prime sea view sites.

That excludes Cape Town's Atlantic Seaboard, where the few remaining undeveloped plots with sea views are fetching record highs of up to R14 000/m².

Basil Moraitis, Pam Golding Properties' (PGP) sales specialist for the area, has just sold a 570m² stand on the slopes of Lion's Head in upper Fresnaye for a staggering R8m. Moraitis says he sold the adjacent stand (roughly the same size) for R5.25m a year ago – that's annual growth of 52%.

Still offering value

Over Christmas, Moraitis also sold another 600m² stand on the slopes of Lion's Head for R6.6m. Two bigger stands in the same area are on the market for a hefty R19m (1 211m²) and R26m (1 670m²). That translates into an average R15 600/m². Whether these ambitious asking prices will be fetched remains to be seen, but it's nevertheless indicative of where land values on the Atlantic Seaboard are heading.

Mick Joyce, PGP's Western Cape MD, says the flurry of activity on the Atlantic Seaboard in recent weeks may be partly due to the recent sale of the V&A Waterfront to a foreign consortium, no doubt instilling renewed confidence in both local and international property investors.

He says although Cape Town land values may already have run hard in recent years, the area still offers value compared with other international coastal areas.

Land prices in smaller, lesser-known coastal towns are also testing new highs. In Witsand, near Still Bay on the Cape Garden Route, Seeff Properties' Jo Attenborough recently sold a 554m² stand with limited sea views for R1.28m. Land prices in the area (with partial views) start at R795 000, says Attenborough.

In the Eastern Cape coastal town of Cape St Francis land values have on average increased fivefold over the past four years. Entry-level stands now start at around R425 000.

Frieda Rigaard, from local estate agency Seal Point Estates, says a 716m² stand (with a sea view but far from the main swimming beach) that sold for R145 000 in 2002 was resold in December 2006 for R780 000. The last time a vacant seafront stand was sold in Cape St Francis was in 2004 – the 722m² stand fetched R2.425m.

Coastal golf estates in favour

Land values in coastal golf estates also continue to climb. Pinnacle Point Holdings CEO Ashley Stone says the company sold an 800m² plot at the newly launched Pinnacle Point Golf and Beach Resort near Mossel Bay in December for a record R5.2m.

Stone says stands that were first sold at Pinnacle in December 2002 (averaging 1 000m² from R395 000), are reselling for three times that.

At Zimbali Coastal Resort, near Ballito on the North Coast of KwaZulu-Natal, average stand prices continue to rise at 30% plus a year, says Zimbali sales and marketing manager Andreas Wassenaar.

A new phase of 14 stands sized at around 1 500m² with sea and golf course views will be released for sale mid-2007 priced at between R2.5m and R3.5m.

Wassenaar says the highest price achieved at Zimbali to date is R7m – three of only five remaining beachfront stands went to SA buyers at this price tag a year ago within three weeks of the prime stands being released for sale. Ten years ago, when Zimbali was launched, buyers could pick up similar-sized beachfront stands for less than R500 000.