

Coastal Land Values Still Firm

Undeveloped land in popular coastal areas appears to be the one sector of the residential property market that is still experiencing double-digit price growth.

Latest figures from Absa show that prices of vacant stands along South Africa's coastline were still rising at 16,1% in third quarter 2008 year-on-year. That brought the price of the average coastal plot to R607,400. The 16,1% growth in coastal land values in the third quarter compares to average house price growth of only 2,1%, as measured by Absa over the same time.

Estate agents confirm that beach front and sea view plots continue to set new price records, as the scarcity value of well-located land continues to place upward pressure on prices.

For instance, a plot in Clifton was recently sold for a whopping R16,5m to a Gauteng businessman. That is believed to be the highest price ever achieved for an undeveloped stand in SA. The previous record for a vacant plot was set in early 2007 when a stand in Clifton's prestigious Nettleton Road was sold for R13,5m.

Ian Slot, MD of Seeff Atlantic Seaboard, says that despite an overall downturn there will always be demand for undeveloped land in prime areas along the Atlantic Seaboard. "There is only a limited amount of coastal properties available on this stretch of SA's coastline, which drives demand and therefore lifts prices.'

Pam Golding Properties (PGP) also reports a number of record land sales in recent months. A vacant stand of 790sq m on the south side of the Nahoon River in East London was sold last month for R2,65m. That is 30% more than the previous highest price fetched for vacant land in the East London area.

The new R7bn Zimbali Lakes Resort adjacent to Zimbali Coastal Resort in KwaZulu-Natal has already notched up R60m in stand sales since its launch a week ago. Zimbali sales and marketing manager Andreas Wassenaar says one stand was sold for R5,95m, with prices starting at R2,5m. Plots are sized at an average 1,414sq m.

Wassenaar says although re-sales of existing properties in the greater Zimbali resort for the year-to-date are some 60% below that of 2007 (excluding the busy December period), the number of stand sales already concluded at the new Lakes Resort proves that there will always be demand for prime-located land - even in the worst of times.