

Prices on Durban's Berea Up by 15 Percent

Home to landmarks such as the Botanic Gardens, Greyville Racecourse, the Musgrave Centre and schools of the ilk of Maris Stella, Durban Girls' College and DHS, the Berea/Morningside area remains high on the list of Durban's most sought-after residential destinations.

This is despite market inhibitors such as the spate of interest rate increases over the past year and the National Credit Act, both of which have impacted heavily on buyer affordability in many parts of the Durban metropolitan area, says Jenny Hodgson of Berea-based Hodgson & Hodgson Estate Agents.

Its property has also become highly prized by investors in pursuit of long-term capital growth, which currently ranges anywhere from 8% to 15%, depending on location and condition, she says. Their interest is particularly intense in the R600 000 to R1, 2 million price range, which usually translates to a one or two bedroom flat or townhouse.

While single bedroom flats are commanding healthy rentals of between R2 800 and R4 500 and three bedroom units are renting for up to R7 000 a month, it's the capital appreciation that investors are after, she says, adding that these purchases often take the place of traditional investment vehicles and policies. As a result, investors tend to be happy to subsidise if and where necessary. The potential for capital appreciation can extend well beyond this range as evidenced on a house Hodgson sold three years ago for R2,7 million. She re-sold it for R6,2 million earlier this year, whereupon the buyer subsequently spent another R1 million upgrading it.

From a residential perspective, Hodgson says the Berea and Morningside are as popular for their proximity to excellent schools, the Natal University's Durban campus and the Sneddon Theatre as they are for their wide selection of architectural styles and properties. These range from older blocks of flats, which offer best entry-level value for money despite invariably requiring modernising, to grand, colonial-era homes and modern mansions that sit in sub-tropical gardens overlooking the city or the Indian Ocean and come with price tickets of up to R12 million.

This top-end pricing by no means suggests that this is the ceiling for the area: according to Hodgson, their most exclusive listing is a baronial home from yesteryear priced at R18 million. Elegantly converted by the present owner into an exclusive lodge for overseas guests, it is surrounded by landscaped grounds and located at one of the area's most coveted addresses.

Many of the Victorian homes in this stretch of suburbia have been restored to their former character and then reinvented as taverns, restaurants, antique shops and décor emporia, which has depleted stock levels and ensured unflagging buyer interest. Yet, says Hodgson, Gauteng buyers are not as convinced as their local counterparts of the value they are getting for their money, both in terms of location and heritage.

"Gauteng buyers sometimes struggle to reconcile values and property types in Durban with the modern construction of their home province," she explains. "For R3 million, they expect a second lounge and fourth bedroom as well as swimming pool on a large stand because that's what they get there for that price. Here, while R3 million buys position, it comes in the form of an older home albeit loaded with character, but with less accommodation and on a smaller stand. What they are looking for would be found in the R4 million to R5 million price range."

Quiet, upmarket roads such as Mentone, Sir Arthur and Lambert are, as ever, experiencing good activity, with houses changing hands for millions. "If the property is exactly what a client wants, the client will pay the price even if it's above market-value."

In addition to traditional family buyers, Hodgson reports growing take-up by emergent buyers, high-ranking government officials and entrepreneurs with their own businesses. This buying pool is complemented by sellers-turned-buyers who are upgrading to bigger, more expensive homes but remaining in the area.

At entry level, buyers tend to be in their late 20s and early 30s. Affordability driven, their purchases tend to be flats and townhouses in the R600 000 to R900 000 price range, where stock is particularly scarce. Good buys do however come on to the books from time to time such as a two bedroom flat just off Musgrave Road, which has just sold for R875 000.

Another recent sale was a two bedroom, two bathroom townhouse in Lambert Road for R1, 1 million: also well priced by today's standards, Hodgson says.