

Invest in The Best!

The current slower property market, characterised by high levels of supply and low levels of demand, offers keen opportunities for investors, but they must target the sectors that are likely to yield the best returns when the market recovers.

And, says Dr Willie Marais, national president of the Institute of Estate Agents (IEASA), several sectors deserve attention, including the student housing sector.

"This is one sector where demand is unlikely to falter. Tertiary institutions are drawing increasing student numbers while, at the same time, budgets are under increasing pressure. It is thus likely that students of the future will have to rent private accommodation near campuses since institutions are unlikely to be in a financial position to offer more on-campus housing."

Tracts of undeveloped land are other potential good buys. Marais says this holds especially true for developers who can afford holding costs on land while they wait for demand to recover.

"Prices of smallholdings surrounding towns and cities are currently under pressure but we expect that prices will escalate in future. Buying land now with a view to develop residential or commercial units when the economy once again picks up steam certainly makes good sense since it will allow developers to bring units to the market at competitive prices."

Marais adds that office space is in short supply in certain centres. "Investors who can pinpoint areas where demand for offices is likely to escalate, will do well. Sectional title offices, in particular, are in short supply while demand seems to grow – and this may offer good opportunities for developers."

Until quite recently, Marais says, residential units in the upper market were relatively untouched by the current market turmoil. "However, there are increasing signs that some owners in this sector are starting to take some strain as their reserves come under pressure. More luxury units are being offered in the market and chances of finding bargains in this market are increasing."