

Growing urbanisation and densification in property market



By [Dr Andrew Golding](#)

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The existing relatively strong trading conditions in the residential property market are expected to continue in 2016, in spite of the possibility of further interest rate hikes and ongoing pressure on consumer-spend, which could result in a more conservative approach by both buyers and sellers.



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Notwithstanding this, we anticipate a continued shortage of stock in high demand areas, such as major metro nodes and commercial hubs, with banks competing for mortgage customers and buyers competing with each other for the same property. The current strong rental market is also expected to prevail, particularly in high demand areas.

Growing urbanisation and densification: Pockets of strength in the residential property market will remain in the metro areas - which in KwaZulu-Natal is somewhat of an anomaly as the growth and demand is decentralised in the corridor north of Durban, including the uMhlanga and Ballito areas. As these prime areas in South Africa are the drivers of growth in provincial economies, a steady influx of people seeking economic opportunities means there is and will be a steady demand for housing. Furthermore, a lack of land within metro areas, along with growing congestion which makes daily commutes from far-flung suburbs difficult, is resulting in South African metro areas becoming more concentrated - a trend which will continue. Coupled with this is an increasing emphasis on 'work, live, play', which is also impacting on the demand for urban living in vibrant and trendy hubs.

Strong demand for sectional title properties: A desire for a convenient, lock-up-and-go lifestyle, reduced utilities costs and hassle-free maintenance, coupled with a growing trend towards urban living in proximity to the workplace and all amenities, will continue to drive the high demand for sectional title properties which are becoming increasingly popular. Although generally smaller in size, although not necessarily cheaper, sectional title offers low overheads and improved security. The healthy demand for sectional title is also seeing prices in this category perform well, even outperforming freehold, which will increase the investor appeal of the former.

Moderate growth in house prices: Barring any major external shocks, the current market conditions are expected to continue, with moderate growth in house prices. Despite the challenging economic conditions, the housing market is characterised by a fundamental stock shortage which, like in many parts of the world, is a long-term phenomenon and will continue to drive demand for the foreseeable future and as a consequence, value preservation.

Ongoing demand for secure, estate living and a healthy lifestyle: This trend goes hand-in-hand with the strong demand among families for a secure lifestyle within easy reach of good educational facilities and access to all amenities, within a healthy, countrified ambience but still in proximity to commercial nodes and also with a range of sporting and leisure activities on hand.

Increasing emphasis on energy saving and sustainability: Rising costs of water and electricity, together with increased environmental awareness of the growing need to conserve the earth's natural resources, is seeing many homeowners installing a host of 'green' features. Increasingly, such features will be incorporated, as a matter of course, in new developments being constructed, catering for the growing impetus towards sustainability and self-sufficiency.

ABOUT DR ANDREW GOLDING

Dr Andrew Golding, chief executive of the Pam Golding Property group, was originally in private practice as a General Practitioner on the Atlantic Seaboard from 1991 to 1996, after which he joined the family business as MD in 1996, followed by his present position.

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