

# *Johannesburg North* Quarterly Report

Insights into the real estate market  
with a special focus on the inner city suburbs | April 2019



# Johannesburg North Quarterly Report

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*Within the northern suburbs of Johannesburg, residential properties priced up to R5 million are sought-after, with the sweet spot being properties priced below R1.5 million.*

Notably, the R1.5 million price band remains very active in many northern suburbs of Johannesburg as it offers value for money for those looking to enter the property market for the first time, as well as those looking to either upscale or downgrade to smaller properties.

First-time buyers were very active in the market in 2018, with 20 878 homes priced below R1.5 million sold in Johannesburg, while approximately half of all mortgages extended by ooba during the first 12 months (February 2018 - January 2019) were for homes purchased by first-time buyers, according to Lightstone Data.

**In addition**, the Pam Golding Properties Index shows that house price inflation for properties priced below R1 million accelerated from 3.48% in February 2018 to 5.90% in February 2019 - even as the overall national house price inflation rate gradually lost momentum during the same period.

**In Morningside**, sectional title units priced below R1.5 million are snapped up as soon as they are listed, as are apartments priced from R600 000 in Ferndale Randburg. In Ferndale, houses are priced in the mid-to late-R1 million, while clusters are priced in the early-R2 million range.

Demand is also greater for sectional title units priced between R800 000 to R1.2 million in Four-ways suburbs including Sunninghill, Paulshof, Pineslopes, Lonehill, Olivedale, Jukskei Park, Douglasdale and Northriding.

**Midrand**, which is more affordable when compared to other northern suburbs, offers accessible prices of R500 000 for studio apartments in Erand Gardens and Sagewood with one-to two-bedroom apartments priced from R750 000 in Carlswald, Vorna Valley, Halfway Gardens, Noordwyk and Country View. Furthermore, properties priced below R5 million in some suburbs continue to sell within a short period of time, reflecting that Johannesburg does offer good value for money, despite this currently being a buyers' market.

**The charming homes of Parktown North, Parkwood, Parkview and Parkhurst**, also known as 'The Parks' appeal to buyers looking for a secure lifestyle in a convenient location. Prices in The Parks range between R3.5 million and R5 million, with Pam Golding Properties agents having sold a total of 60 homes in Parkwood, Parktown North and Parkview in 2018.



**The Parks** suburbs are very family-oriented and include a number of amenities, with well positioned parks, good schools, excellent security and attractive tree-lined streets. Furthermore, buyers have the opportunity to renovate to suit their own tastes and requirements.

**In Killarney**, properties most in demand, and priced around R2.2 million, are selling well, as are cluster homes in Bryanston East and Bryanston West priced in the sub-R3 million price bracket.

Established suburbs including River Club, Parkmore, Petervale, Benmore Gardens, Rivonia, Craighall, Moodie Hill, Duxberry, Dunkeld, Orchards and Victoria offer value for money with a number of property types to choose from. In these areas, sectional title properties are priced up to R2.5 million while cluster homes are priced between R3.5 million to R4.5 million.

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*At the top-end of the market, Forest Town is also experiencing demand for those looking for freehold homes in a desirable location. In this suburb, prices are around R3 million to R4 million.*

## SECURE LIFESTYLE ESTATES POPULAR WITH BUYERS

A number of buyers also seek properties in secure estates which offer good security and lock-up-and-go convenience, coupled with easy maintenance. For many, it's really about lifestyle choices determining where they buy.

*Homes in the sought-after Kyalami Estates are priced from R3 million, while in Saddlebrook Estate, Intaba Estate, Carlswald Lifestyle Estate and Blue Hills Country Estate which offer spacious country homes, prices range between R5 million and up to R40 million.*

*In the Fourways area, prices start from R2.8 million in Cedar Lakes, R3.8 million in Fourways Gardens and from R4 million in the Dainfern Residential and Golf Estate.*

*Monaghan Farm and Blair Atholl Golf & Equestrian Estate located near Lanseria International Airport are popular with buyers looking for a quiet country lifestyle.*

*In both estates, vacant stands are priced between R1.6 million and R3.5 million, with house prices ranging between R5.9 million to R45 million.*

*In addition, their close proximity to the airport makes these country estates ideal home locations as many homeowners are top executives, and business owners who travel often locally and internationally.*

## TOP DEVELOPMENTS TO BUY INTO

Over the past year, certain price brackets have shown good activity, with a notable increase in the number of purchasers, mostly investors, buying completed projects compared to those buying off-plan. Buyers from the rest of the African continent continue to invest in this sector – some buying for the first time, and others expanding their existing portfolios.

**Most buyers use these apartments as their second home when in South Africa for business,** or for leisure with their families and friends from their countries of origin.

**Developments such as Park Central and One on Whiteley in Melrose Arch,** scheduled for completion in May 2019 and August 2019 respectively, continue to sell well as these locations are primely located close to the M1 freeway and other major arterial routes, in close proximity to OR Tambo International Airport, the Sandton CBD and the Johannesburg CBD

**At Park Central,** buyers can choose from studio, one, two and three-bedroom apartments as well as prestigious four bedroom penthouse apartments at prices starting from R2 million up to R19.6 million for luxury penthouse apartments. Apartments at One on Whiteley are priced from R2.1 million.

**Further afield in Steyn City**, since launching in 2015, 375 of the 484 existing opportunities valued at approximately R1.93 billion have been sold to date. Demand is steady, and here, buyers can purchase vacant land and build their own dream homes, or they can choose to buy existing ones.

Vacant stands range from R3 million to R17 million with current land prices ranging between R3 300/sqm to R5 200/sqm, which represents an average increase of between 18% and 20% since the development was launched in 2015.

Apartments are priced from R2 million for one-bedroom units to R4 million for three-bedrooms. Clusters range from R4.6 million for three-bedroom units to R8.5 million for four-bedrooms, while completed homes range between R10 million to R80 million.

Although not yet finalised, there are a couple of new offerings at Steyn City that will come to the market later this year, including sectional title units, City Centre apartments, freehold homes and an office block, and there are also plans for building a second school.

We are going to continue seeing a move towards secure developments such as those at the mixed-use precinct of Melrose Arch, Park Central in Rosebank and Steyn City where the lifestyle is 'all inclusive' combined with an aspirational element and an exclusivity and uniqueness that comes with living in these areas.

## GOOD DEMAND FOR RENTAL PROPERTIES UNDER R10 000 PER MONTH

Properties in the lower end of the market between R6 500 and R8 500 are in certain areas, particularly in Fourways and Midrand seeing good demand, with considerable rental activity in properties priced between R10 000 and R35 000 per month.

**Rentals at the new development such as One on Whiteley in Melrose Arch**, which is scheduled for completion in August 2019, will start from R15 000 per month, making this very affordable for the area.

Corporate tenants, including expats, tend to prefer The Parks, which includes Parkview, Parkhurst, Parkwood and Parktown North as these areas are close to the Deutsche Internationale Schule Johannesburg, Sandton and Rosebank CBDs, with numerous amenities close by.

In addition, the French School in Riverclub is a drawcard for surrounding areas. Monthly rentals in these areas range between R25 000 and R45 000, while in Midrand and Fourways these properties are priced from R25 000 and up to R70 000 in secure areas such as Kyalami Estate, Waterfall Country Village, Waterfall Country Estate, Dainfern, Helderfontein Estate, Cedar Lakes and Fourways Gardens. Dainfern is extremely popular for expats due its secure lifestyle environment and its close proximity to the American International School of Johannesburg.

# Special Focus: Johannesburg

## Inner City Property Market

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*With a young population steadily entering the housing market, 2019 is likely to see an increase in the number of first-time buyers, particularly in Hillbrow, where prices are more affordable.*

In the Inner City of Johannesburg, the market has been very active with Pam Golding Properties concluding notable sales including two bachelor units in Braamfontein sold for R485 000 and R590 000 respectively, while in Yeoville, a one-bedroom apartment was sold for R250 000 and a two-bedroom apartment sold for R410 000.

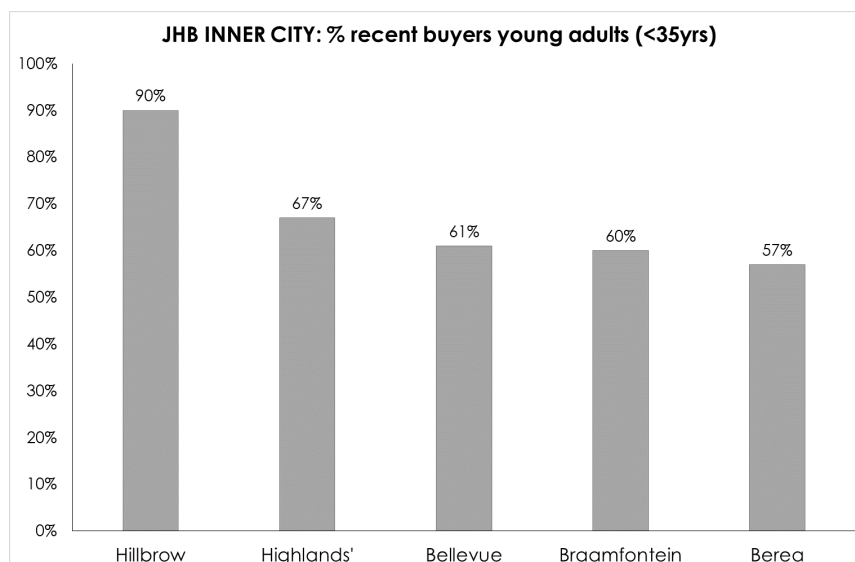
Of those buying in the Inner City, Pam Golding Properties notes that 80% are investors, while the remaining 20% are buying for permanent residence.

Here there is a fair percentage of cash buyers who are mainly foreigners from other African countries including Angola, Cameroon,

Democratic Republic of Congo, Ethiopia, Mozambique, Ghana, Nigeria and Zimbabwe among others, as well as young South African professionals and families. In Berea and Yeoville, 60% are cash buyers with 40% applying for home loans.

Depending on usage (some buy freehold homes then either rent out the whole house, rent out rooms, use as office space depending on zoning, or run the property as an Airbnb) and location, many investors are achieving investment returns of approximately 12% and in some instances, more.

For example, some freehold homes in Yeoville which offer three-to four-bedrooms can enjoy rent-als of between R7 000 and R15 000 per month.



Source: Lightstone



## AFFORDABLE PRICES ATTRACT YOUNG BUYERS TO HILLBROW

Areas such as Braamfontein, Bellevue, Bellevue East, Hillbrow, Joubert Park, Marshalltown and Yeoville remain sought-after as properties are accessibly priced with entry level prices of R100 000 for bachelor apartments in Hillbrow, which is considered the most affordable of all the Inner City suburbs. According to Lightstone, in the past 12 months (2018), buyers were significantly younger than the age profile of existing homeowners – most noticeably in Hillbrow, where 90% of recent buyers were 35 years or younger, and presumably predominantly first-time buyers.

The fact that Hillbrow has the highest percentage of first-time buyers is not surprising, given that the suburb also has the most affordable apartments in the Inner City with a median price of R150 000 in 2018, up from R142 500 in 2015.

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*Hillbrow is predominantly an investors' market, with prices starting from R100 000 for bachelor apartments to R150 000 for one-bedroom apartments, while rentals range from R2 500 per month for bachelor units per month.*

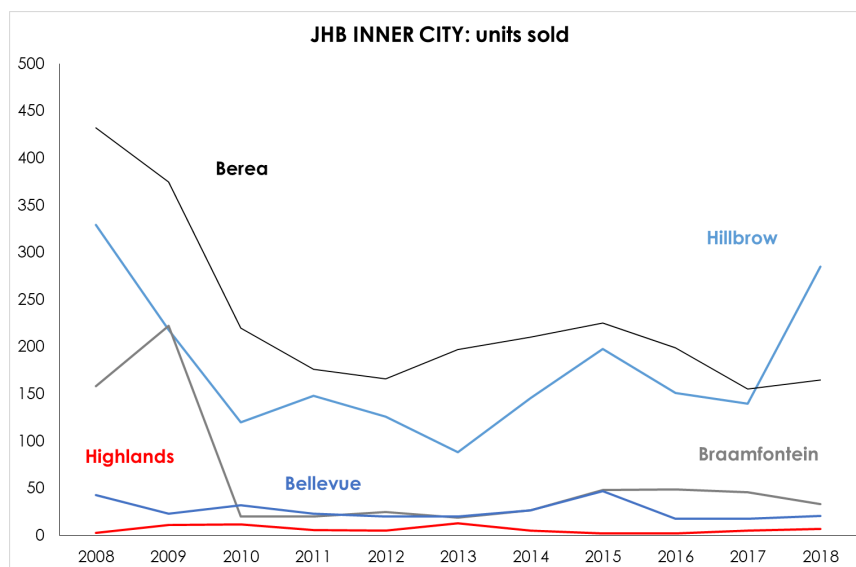
# Property Prices and Units Sold

## Positive growth in sectional title property prices

Suburb: sectional title	Median price (2018) R million	% 2013-18 5-year	% 2008-18 10-year
Hillbrow	0.15	+11.1	+51.5
Berea	0.185	+19.4	+37.0
Braamfontein	0.495	+25.3	+32.0
Highlands	0.4	+37.9	+33.3
Bellevue	0.27	+48.4	+35.0

Source: Lightstone

Sectional title property prices in Hillbrow and Berea have experienced the strongest growth over the past decade, thus making both locations attractive for buyers.



Source: Lightstone



**Berea**, with the largest housing market, has consistently registered the most unit sales each year until 2018, when Hillbrow saw a doubling in unit sales to take first position.

In Berea, entry level one-bedroom apartments are priced between R250 000 and R380 000 with two-bedroom apartments starting from R350 000 and ranging up to R500 000. Freehold homes in Berea offering up to four-bedrooms and two-bathrooms are priced between R650 000 and R1.4 million.

Well-maintained properties in prime locations in Berea are sought-after and continue to sell well. For example, a four-bedroom house located on Mitchell Street was sold for R1 million cash in 2018. Other desirable homes include those located along Hillbrow Street and Honey Street.

## INNER CITY'S TOP PERFORMING SUBURB

**Bellevue East**, located on the border of the upmarket suburbs of Observatory and Upper Houghton, emerged as one of the top performing suburbs in Johannesburg in terms of property price growth.

Property prices in Bellevue East grew by 5.4% in 2018 for homes priced below R650 000, according to Lightstone data.

The median price of freehold homes in Bellevue East was R1.025 million in 2018, reflecting a healthy increase of 50.7% over the past five years.

### Top performing suburbs in terms of price growth

Province:	Town	Suburb	Price Growth	Value Band
Gauteng	Johannesburg	Houghton Estate	0.2%	>R3m
Gauteng	Johannesburg	Killarney	3.5%	R1.5m - R3m
Gauteng	Johannesburg	La Rochelle	6.4%	R650 000 - R1.5m
Gauteng	Johannesburg	Bellevue East	5.4%	<R650 000

Source: Lightstone

# *Bellevue East Property Prices*

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*Bellevue East is in demand as it is less congested when compared to Yeoville and Hillbrow which are the most densely populated, and have the highest number of people per square metre.*

Bellevue East offers freehold homes and spacious sectional title properties priced from R250 000 to R300 000 for one-bedroom apartments measuring 80sqm in size. It is also possible to buy a large one-bedroom apartment measuring 60sqm in some old buildings for under R250 000.

Freehold homes can be had at starting prices of around R600 000 and can range up to R1.1 million for two- bedroom, one-bathroom homes on small stands, and in some cases, most of these old properties require some renovations to spruce them up.

Prices can reach up to R1.5 million for beautifully maintained homes located on the boundary of Observatory, a high-end suburb. For this price, one can expect to buy three-to five-bedroom homes on spacious grounds.

Most of the owners have lived in this area for a long time, and when they sell, they are either relocating or retiring to the coast or moving to retirement homes and villages. Others prefer to stay within the area and tend to buy in Kensington, which is bounded in the west by Troyeville, in the east by Bedfordview and the north by Bruma and Cyrildene.

Another advantage of being situated on the boundary with Observatory on one side and Upper Houghton on the other, is that there is a Gautrain bus service that runs through this part of the suburb, making it convenient to travel to the Johannesburg, Sandton and Rosebank CBDs and Bedfordview.

The suburb also doubled the number of first-time buyers in 2018 - rising to 14% from 7% in 2015.



## *For More Information*

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on the Johannesburg North property market,  
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