

EASTERN CAPE RALLIES AS BUYERS RELOCATE TO SA'S COASTLINE

11.9%

Cape Town



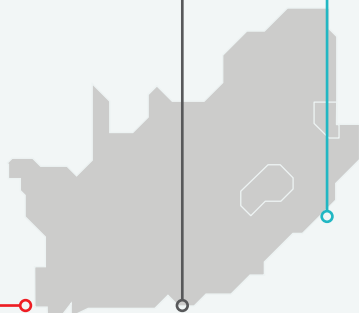
7.0%

Durban



5.4%

Nelson Mandela Bay Metro



The Eastern Cape housing market has lagged behind the other major regional markets in recent years. However, much like KZN, house price inflation in the province is currently gaining momentum as massive infrastructural and property investments in the region bolster activity in the local housing market.

At a regional level, house price inflation in the Eastern Cape has risen from a low of 4.1% in early-2016 to a level of 5.2% in June 2016 (latest available data). As a result, house price inflation has averaged 4.5% during the first half of the year – slightly below the national average.

Nelson Mandela Bay has registered average house price inflation of 5.4% during the first half of the year, making it the third highest performing metro area in South Africa – after Cape Town (at 11.9%) and Durban (7.0%). During the past five years, freehold properties have risen by an average of 22.1% in Port Elizabeth and 29.2% in East London, according to latest data from Lightstone.

A variety of major infrastructural and property developments are currently underway in the Eastern Cape. These include the recent announcement by the Department of Energy (DoE) that the Coega Industrial Development Zone (IDZ) would be one of the locations for a R25 billion gas-to-power programme, along with the record-breaking R11 billion investment by the Beijing Automobile International Corporation (BAIC) in a vehicle manufacturing plant and the ongoing development in the Bay West area.

These investments, along with several other property developments in the region, are likely to significantly bolster economic activity and employment creation in the province.

The positive impact of a major investment boom on the regional housing market was last seen just over a decade ago, when the Coega IDZ was initially launched. The boom in the regional and metro housing markets in the province was undoubtedly fuelled in part by the surge in investment and economic activity in the IDZ.

Between 2000 and 2007, the Nelson Mandela Bay metro was the top performing metro housing market while the Eastern Cape housing market managed to record the strongest growth in regional house price inflation (see chart on the following page).