

Cape Town Reported Best Global Performer

The latest international residential review released by UK-based property group Knight Frank shows that Cape Town was one of the best performing sectional-title housing markets worldwide in 2005.

The report puts the average increase in prime apartment prices in Cape Town at 26% last year. This was the highest price increase achieved among 18 international destinations tracked in Knight Frank's residential review. Eastern European destinations including Moscow, Croatia and Bulgaria were the next best performing housing markets with average apartment prices up 25% in 2005. Other markets that recorded double-digit growth include Monaco (12,5%), Mallorca in Spain (15%), and Sydney in Australia (12%).

Knight Frank's housing index is based on prices of 2-bedroom apartments, typically sized at 125 sq/m, in upmarket, prime locations. Despite Cape Town apartment prices outperforming other cities in the review, property buyers are still paying far less for an apartment on Cape Town's Atlantic Seaboard than for a unit of similar size and quality in most of Europe and Australia. According to Knight Frank the average prime 2-bedroom apartment in Cape Town now costs around euro 355 000 (R2,6 mil). This is roughly one tenth of the price that investors now have to fork out for a luxury 2-bedroom apartment in a prime London suburb with average prices around euro 3 425 000 (R25 mil).

Cape Town apartments are also still priced at less than half of that in popular French coastal resort town Cote d'Azur with average prices of 2-bedroom apartments at euro 875 000 (R6,47 mil), Tuscany in Italy at euro 700 000 (R5,2 mil), Florence in Italy at euro 1 050 000 (R7,7 mil), Madrid in Spain at euro 1 045 000 (R7,6 mil) and Paris in France at euro 1 575 000 (R11,6 mil). Cape Town has played catch-up with Sydney though where average 2-bedroom apartments are priced at euro 438 000 (R3,2 mil). The only destinations in the review that are cheaper than Cape Town are Phuket, Bulgaria and Croatia.

The report says the international house price outlook remains positive despite house prices in many major economies seemingly in overheated territory. House price growth is nevertheless expected to slow down over the next 12 months, especially in more mature markets.

The report singles South Africa out as one of the ``hotspot`` property locations in 2006. ``Emerging markets will continue to attract investor buyers as long as the promise of high returns continues. Within Europe this will include Bulgaria, Croatia, Cyprus and Turkey, and outside Europe locations such as Morocco, Thailand and South Africa.'