

RESIDENTIAL PROPERTY

Can Sandton eclipse Clifton?

Ongoing relocation of corporate tenants Sandton, increasingly regarded as Africa's financial epicentre, is having a huge spin-off on the area's residential property market. A number of luxury high-rise apartment buildings are springing up, with well-heeled buyers, many from oil-rich African countries, apparently prepared to fork out R25m-plus for penthouse apartments that offer panoramic views of the Sandton skyline. At newly launched Central Square, adjacent to the World Trade Centre on the corner of West Road South and Lower Road, apartments are selling off-plan for up to R25 000/m². Five years ago the going rate for market sectional title units in Sandton ranged R25 000/m²-R35 000/m².

At Katherine & West, diagonally across from the Gautrain's Sandton station on the corner of Rivonia Road and West Street, Crown Properties is selling duplex penthouses at an average R19m apiece (around R25 000/m²-R46 000/m²). The largest unit of 500 m² has a price tag of R26,5m.

Sergio Aquino, managing director of Central Square developer Lushaka Investments, says 60 out of a total of 181 units have already been sold off-plan since the project was launched three weeks ago. Two buyers are currently vying for the building's R25m flagship unit, a 500 m² penthouse which will occupy prime position on the building's 10th floor with access via a private lift. When sold, the Central Square penthouse will be the highest sales price achieved for an apartment in Gauteng since 2009 when a 500 m² penthouse at DaVinci on Nelson Mandela Square sold for a staggering R50m (around R77 000/m²).

Before that, neighbouring Michelangelo developers held the Gauteng sectional title record with a 500 m² unit changing hands for R35m (R70 000/m²).

Aquino says demand for upper-end apartment living has been driven by the emergence of a new breed of well-heeled local and international buyer looking for convenient lock-up-and-go units in close proximity to where they work or do business. "Commuting in and out of the Sandton CBD is no longer an option as the hub becomes almost gridlocked during peak hours."

He notes that more than 1m m² of commercial space is still set to come online in

Sandton over the next three to five years, with major corporates such as Sasol, Sanlam, Standard Bank and Webber Wentzel all relocating or expanding their premises to the area. Yet very few residential developments have been brought to the Sandton market since the world was hit by the financial crisis in 2008.

"That means the ratio of residential versus commercial property is woefully under-catered," says Aquino.

Three other luxury high-rise developments currently selling off-plan in Sandton — Embassy Towers, 101 On The Park and Metropolis On Park — are also fetching rates exceeding R40 000/m².

Kent Gush Properties MD Kent Gush, who is responsible for the marketing of a number of residential developments in Sandton, says in the past four weeks alone 250 apartments have been sold off-plan in Sandton.

"At the height of the boom in 2005/2006 it took us more than a year to sell 100 apartments off-plan in Sandton."

Gush says there is no doubt that apartment living is taking off in a big way in Sandton.

"Ten years ago there was a stigma attached to living in a flat. Now apartment living has become aspirational."

Gush says more and more international and local buyers require spacious, well-



located lock-up-and-go properties near major transport routes with quick access to business centres by day and nightlife and entertainment by night.

Despite a number of major developers entering the Sandton residential market over the past 18 months, Gush believes supply is unlikely to catch up with demand for at least the next five years.

That will continue to place upward pressure on Sandton sectional title prices. In fact, Gush believes upper-end Sandton prices will start to outstrip those of Cape Town's Atlantic Seaboard within the next three to five years.

"Internationally, property prices tend to rise much faster in financial capitals than in coastal areas. The same trend is bound to happen in SA, especially now that Sandton is increasingly seen as the financial gateway to the rest of Africa."

Latest figures from international wealth consultancy New World Wealth show that prime property in Cape Town's Atlantic Seaboard suburbs such as the V&A Waterfront, Clifton and Bantry Bay fetch an average R65 000/m². However, Pam Golding Properties area manager for the Atlantic

Seaboard & City Bowl Basil Moraitis says units on the yacht basin at the V&A Waterfront have fetched in excess of R80 000/m².

Sol Kerzner's One&Only Waterfront hotel still holds the record for the highest price ever achieved for a sectional title property in SA. Seeff sold a 1 076 m² penthouse for a whopping R110m in 2008 — around R102 000/m².

However, that's still well below the \$95m (R1,045bn) recently paid for a penthouse apartment at 432 Park Avenue, a swanky skyscraper currently under construction in Manhattan, New York.

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