Integrated housing developments to help with SA's housing backlog

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Integrated housing developments could play a key role in assisting government in tackling its housing backlog, Calgro M3 Holdings CEO **Ben-Pierre Malherbe** said on Wednesday.

There is currently a backlog of some 2.1-million subsidised houses, excluding previously built units demolished as a result of quality issues, and government has also committed to providing 80 000 social housing rentals opportunities in the next four to five years.

The company, which is involved in integrated housing development projects throughout the country, said it hoped to build over 25 000 units over the next five to seven years in South Africa, with each unit able to support about five to six people.

Construction was not the concern in developing such a housing model, but rather development finance, Malherbe said.

"Sufficient bulk infrastructure, which is a constraint, and development finance actually dictate the pace at which these developments can be constructed," he told *Engineering News Online* on the sidelines of the Rode Conference, in Johannesburg.

While the State supported such housing developments, he said government had to come on board by actively spending its allocated infrastructure spend.

The company is currently developing the Fleurhof project, in Gauteng, where it has completed about 400 of 9 602 housing units. It is also working on a 4 200-unit and separate 2 600-unit development in the central business district of Jabulani, in Gauteng, as well as 1 050 units in Bloemfontein, and 2 600 units in Cape Town.

PROPERTY MARKET

Meanwhile, Lightstone executive director **Andrew Watt** said at the conference that the total value of transfers for housing has increased from R8-billion a month to R22-billion a month over the past eight years, but is now at about R12-billion a month.

Volumes of transfers have declined consistently from R40 000 a month to R7 000 a month.

"Despite the market slowdown, the average value of transfers have maintained a steady increase from R220 000 in 2003, to just over R800 000 in 2011," he explained.

This was attributed to owners being prepared to hold onto their properties for longer in order to realise higher prices.

House price inflation remained relatively muted, though still positive, with the affordable market remaining the pick of the value segments, Watt explained.

But, despite the stress in the market, pricing remained robust.

Property price growth over the medium to long term covering a 15-year period was 477% in the Eastern Cape, 315% in Gauteng, 410% in the Western Cape and 321% in KwaZulu-Natal (KZN). Over a five-year period, growth registered at 39% in the Eastern Cape, 22% in Gauteng, 26% in the Western Cape and 22% in KZN.

“The smaller provinces are showing slightly better performance than most provinces,” Watt said.

Further, the proportion of bonded transactions bottomed out in 2009, but has slightly improved, at currently just below 70%.

There are also a high proportion of foreign-owned properties in South Africa, particularly concentrated in the Western Cape. “One should not exaggerate this point or its overall effect on property trends.”

Eighty-percent of properties are valued under R3-million, which he said indicated that ownership is not limited to the very top end of the market.