

**VALUATION OF THE OPEN
MARKET OF STAND 1441
COSMO CITY EXT. 2**

**FOR
COSMO CITY – RESEARCH PROJECT**

**PREPARED BY
SANDY RUITER:**

YOUR REF: 1456

STUDENT REF: 0403671G

DATE: 10/06/2008

1. General

1.1 Instruction

Property to be valued for residential market

1.2 Date of Valuation

30 September 2005

1.3 Date of inspection

21 September 2005

1.4 Purpose of valuation

The purpose of this valuation is to determine the open market value of ERF 2038 Highlands North Ext, Johannesburg, in extent 1434 square metres, held under Title Deed T924/1980 by Mr. M.S. Ruiter.

I was requested by Prof. François Viruly of WITS University, Johannesburg to estimate:

1.4.1 The open market value of the subject erf with all improvements as it stands

1.4.2 Highest and best use

1.5 Definition

1.5.1 Market value

Open market for the purpose of this report is defined as the probable price the subject erf (with its improvements) might reasonably be expected to sell assuming an arms' length transaction between a willing buyer and willing seller after proper marketing wherein parties have each acted knowledgeably, prudently and without compulsion.

1.5.2 Highest and Best use definition

"The most probable use for a property which is physically possible, appropriately justified, legally permissible, financially feasible and which results in the highest value of the subject property being valued"

1.6 Summary and valuation

An open market comparable valuation was conducted on stand 1435, Cosmo City. Two properties were compared to the subject property. The open market value of the subject property was estimated at **R 137,040. 00** on the 10/06/2008.

Description

1.7 Title deed information

1.7.1 Title deed description

Title Deed: T83123/2006

Physical Address: 1435 Cosmo City Ext 2

Stand Number" 1435

1.7.2 Extent of Land

Measuring: 257 (Two hundred and fifty seven) square metres

1.7.3 Registered owner

Mamaila Chabala

1.7.4 Purchase price

Subsidy in 2006 for R 31,929.00

1.7.5 Servitudes, conditions and endorsements

Special Conditions: Pre-emptive right

Restriction on the sale of the property from the date of transfer from Johannesburg Municipality for the next three years.

1.7.6 Bond

Currently – No bond

1.7.7 Mineral rights

None

1.8 Physical description

1.8.1 Land

257 (Two Hundred and fifty seven) square metres
Basically a square shape

1.8.2 Locality and neighbourhood

The subject stand is located in between Cosmo City Ext 2. It is approximately 12 Km to the Northgate Shopping Centre and 4 Km from Kya Sands industrial district. The surrounding neighbourhood includes the Cosmo City School, a taxi rank and small convenient. Surround neighbourhoods include; Honeydew, Ruimsig and Kya Sands

1.8.3 Soil condition
Good

1.8.4 Access
Access to property Malibongwe
Access to primary routes – good
Access to all secondary and tertiary access routes - good

1.8.5 Orientation
House is North Facing

1.9 Improvements

1.9.1 Garden

1.9.2 Condition
Good

1.9.3 Potential

2.4 Amenities

- Cosmo City School within walking distance
- Northgate shopping centre
- Fourways Mall and Fourways Crossing
- Oilvedale Hospital

2 Central Provincial and Local Government Information

2.1

2.1.1 Land Use Planning Ordinance
Johannesburg Town Planning Scheme 1979

2.1.2 Municipal valuation
Municipal valuation was conducted in 2008
Valuation in 2008 R 79,000
Improvements None

2.1.3 Town planning and zoning
Environmental Controls: N
Use Zone: Residential 1
Height Zone: As per scheme – up to 3 storeys
Floor Area Ratio: As per scheme – 1.2
Coverage: As per scheme – 50% 1 / 2 Storey or 40%

Density: 1 Dwelling per ERF
Parking Zone: Remainder of Area

2.1.3.1 Subject House
Height Zone: 1 Story
Coverage: 14%
Density: 1 Dwelling

3 Method of valuation

Method of valuation will be a comparable valuation as there is a functioning market, where approximately 3000 properties are bought and sold over the last 3 years.

4 Market Research

4.1 Present state of the property cycle

South Africa is in a downward economic cycle. Interest rates have increased nine times since 2005 to 15% as a result of double digit inflation figures which have been exacerbated by souring food and oil prices.

Affordability has decreased as a direct result of interest rate increases which has substantially decreased disposable income. House prices in the middle market have decreased and remain on the market for a long period of time.

“In the first quarter of 2008, year-on-year growth in the average nominal price of houses in this segment of the market (houses of 40m²-79m² and priced at R400 000 or less) slowed to 13,8% from 18,2% in the fourth quarter of 2007 and 20,8% in the third quarter of last year. In real terms, price growth of 3,5% y/y was recorded in the first quarter of 2008, compared with real price growth of 9% and 12,9% respectively in the third and fourth quarters of 2007. (Absa, Jacques du Toit, June 2008)

4.2 Demand and supply

The demand for houses in the affordable housing sub-market is substantial, it must be noted that although the demand is there affordability and adverse credit records reduce the actual demand in this market. However if the property is priced right there are approximately seven applicants for each property.

4.3 Sales

One can see from the demand for property does exist as an average of from the deeds data

4.4 Asking prices

Hypothetical as restriction on sale

4.5 Comparable sales

Address	Subject Property - BNG House - Stand 1435		Comparable 1 - Stand No 316		Comparable 2 - Stand No 8833	
Sale Price (R's)	Municipal value	R 79,000	Sale price	R 300,000		R 380,000
Rights Transferred	Ownership		Ownership		Ownership	
Sub Total		R 79,000		R 300,000		R 380,000
Financing	0% Bond	0%	80% Bond	5.00%	100% Bond	10.00%
Sub Total		R 79,000		R 300,000		R 380,000
Conditions of Sale	Arm's Length		Arm's Length		Arm's Length	
Sub Total		R 79,000		R 300,000		R 380,000
Post Purchase Renovations		R 0		R 0	None	
Sub Total		R 79,000		R 300,000		R 380,000
Market Conditions	2 Years		2 Years	0%	2 Years	0%
Sub Total				R 300,000		R 380,000
Accessibility	Good	0%	Excellent	-2%		-2%
Proximity to busy road (Noisy)	Far	0%	Close	5%	Close	5%
Land Size	257m2	0%	252m2	3%	280m2	-10%
House size	36 m2	0%	50m2	-20%	50m2	-20%
Number of Doors (to outside)	1 Exterior Door	0%	2	-3%	2	-3%
Building age	2 years	0%	18 months	-2%	2 years	0%
# Bedrooms	2 Bedrooms	0%	2	0%	2	0%
# Bathrooms	1 Bathroom	0%	1	0%	2	-5%
Separate lounge and kitchen	No	0%	Yes	-8%	Yes	-8%
Only DB Board and one plug point	Yes	0%	Plug points in all rooms	-10%	Plug points in all rooms	-10%
Geysers	No	0%	Yes	-15%	Yes	-15%
Plastered inside	No	0%	Yes	-3%	Yes	-3%
Platered outside	No	0%	No	0%	Yes	-8%
Tiles	Screeded floor	0%	Tiles in B/room and Kitchen	-4%	Tiles in B/room and Kitchen	-4%
Fachia Boards on roof	No	0%	Yes	1%	Yes	-1%
Wall	No	0%	Yes	2%	0	0%
Garden	Yes	0%	No	3%	None	3%
Net Adjustment				-48%		-71%
				-R 144,000.00		-R 269,800.00
Estimated value				R 156,000.00		R 110,200.00
Weighting				0.59		0.41
				R 91,420		R 45,620
Value of Subject House		R 137,040				

4.6 Analysis of comparable sales

The comparable are all from within the Cosmo City Township. The property sizes range from 257 square metres to 280 square metres. Older houses seem to be selling between R 300,000 – R 350,000.

4.7 Application of comparables

4.7.1 Acceptance of data

I collected data from the Property24 and Deeds Data. I have also sourced data from from the Saturday Star Property directors and off general websites such as Property24 and Cyberprop.

4.8 Conclusion on market data

The data collected does align with local and market trends, which are currently prevailing in South Africa.