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 its 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 has 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

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