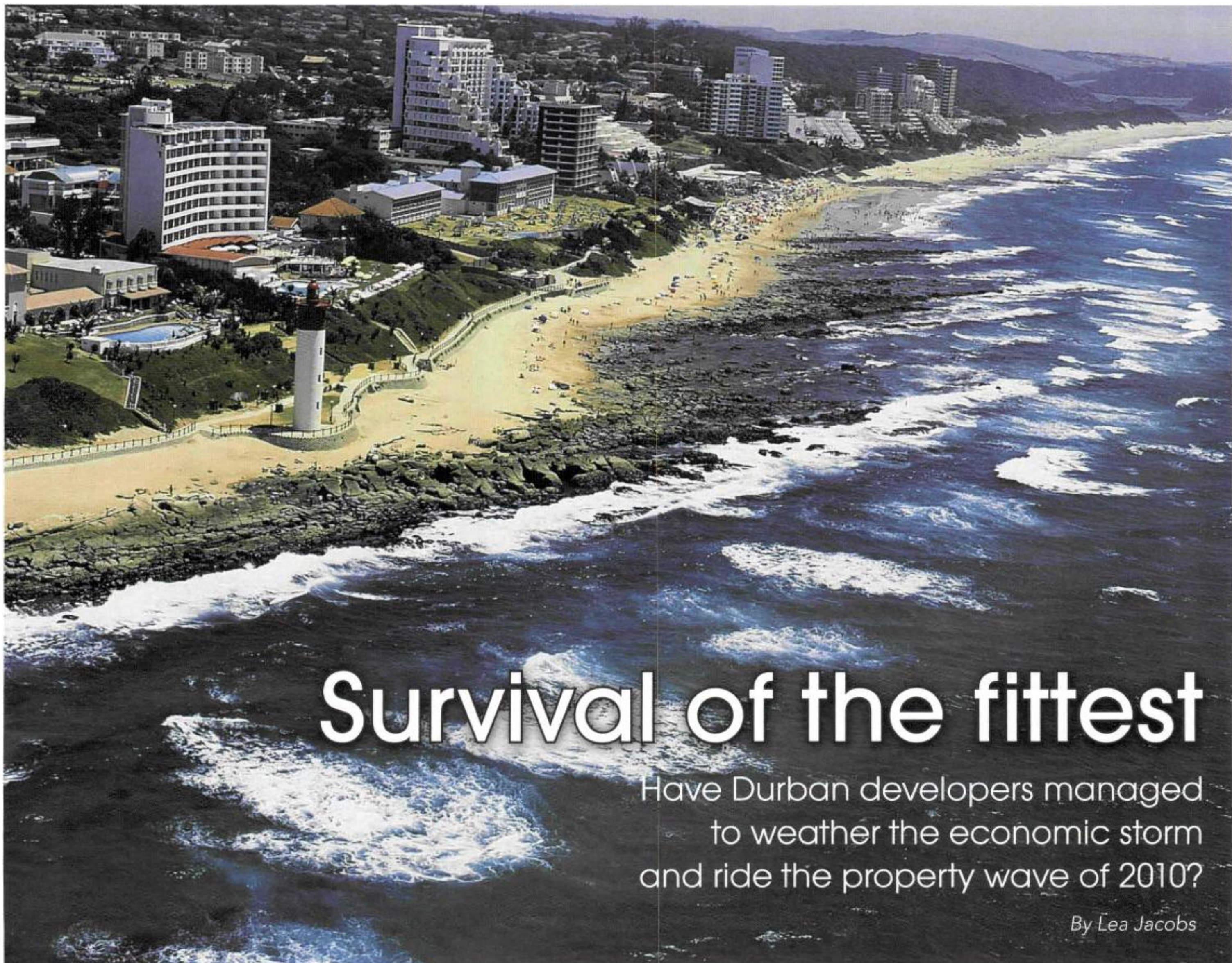


Development



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Survival of the fittest

Have Durban developers managed to weather the economic storm and ride the property wave of 2010?

By Lea Jacobs

Before the global meltdown, it was unlikely that the property market crash in a tiny desert country would have done much more than raise a few eyebrows in South African banking circles.

These days the picture is very different. The news that Dubai, which reportedly once housed 20 per cent of the world's construction cranes, has all but collapsed, has indicated just how vulnerable the construction industry has become.

Despite this, and the fact that the world is experiencing the deepest global recession in 60 years, two-thirds of construction companies polled in a recent worldwide survey conducted by KPMG were positive about 2010.

There can be little doubt that the construction industry has had to batten down the hatches in order to survive.

However, Mark Taylor from the eLan Property Group in KwaZulu-Natal believes that 2010 will be a year of opportunity and his company will be pulling out all the stops to capitalise on these opportunities.

"We have noted that the middle sector of the residential market is showing growth. We are also positive about the commercial sector and have identified sites on the North Coast which show promise," he said.

Taylor added that residential developments on the North Coast are starting to flourish and that the level of interest shown during the December period indicated that the market had turned the corner.

However, he believes that the area bucks the trend a little, as interest has been boosted by the construction of King Shaka International Airport.

James Arnott, marketing and sales director with the Stedone group said they have critically reviewed their current portfolio, revising expectations on margins and completion of their ongoing projects.

In addition, they were actively pursuing projects where they felt comfortable that the need and desirability had been clearly demonstrated and which the banks were prepared to finance. It appears that the top end of the market is showing the most promise in terms of growth.

According to Arnott, top income earners were beginning to come out of their protective shells and are once again looking at lifestyle developments. However, it would appear that South Africans, like the rest of the world which has either been directly affected by the recession or has witnessed the repercussions, have taken cognisance.

Developers in the Durban region report that while position is still important and that secure estates remain popular, smaller homes are also being designed and built. It appears that lessons have been learnt on all fronts.

Forward-thinking developers who saw the writing on the wall and planned accordingly have survived. On the other hand, those who jumped on the proverbial bandwagon hoping to cash in, have found, to their detriment, that the world of development means so much more than housing the masses.

Those who think and plan ahead, have access to capital, commitment and credibility, have probably survived more than one recession. While the ride may not be enjoyable, it is accepted that it is part and parcel of this 'boom and bust' industry.