



Prop. News

Gautrain is boosting property values

Location is still of prime importance in real estate, and these days it can be as much about proximity to reliable public transport as it is about the safety and security of the area, easy access to shops and good schools, and the steady appreciation of [home values](#).



"It is clear now that buying a home within easy reach of a bus or train station is a good investment and likely to become an even better one in the future."

This is according to [Tony Clarke](#), Managing Director of the [Rawson](#) Property Group, who says several overseas studies have shown that home values tend to rise faster in areas close to bus, train and underground stops, and now they can see that the same thing is happening in [South African](#) suburbs that are served by the new transportation networks, and especially those areas that have a Gautrain station.

Last year, the London Telegraph reported that home buyers in London, Manchester and Glasgow are prepared to pay premiums of up to 10.5% for homes located within 500m of an underground train or tram station compared to identical homes located 1 500m or more from a station.

According to a survey conducted by the Nationwide Building Society, the difference was most marked in London, where homes located less than 500m from a station now sell for about GBP42 000 (or about R756 000) more than similar homes located at the 1 500m mark.

In Manchester, the premium on a typical property located within 500m of a public transport stop is 4.6% (equivalent to about R149 000), and in Glasgow, it is 6% (or about R169 000).

A year earlier, a study commissioned by the American Public Transportation Association and the National Association of Realtors (NAR) identified a similar pattern in the US, with the values of homes within half a mile of public transport stops performing 41% better, on average, than homes outside this radius over a five year period.

NAR chief economist, Lawrence Yun, says this trend was likely to continue, with transportation considerations playing an increasingly important role in home purchase decisions due to buyers' growing preference for shorter commutes and more walkable neighbourhoods.

He says this preference was most noticeable in cities like New York, where apartment prices on the Upper East Side, for example, decrease by between 15% and 20% for every block away from the subway.

However, even in cities such as [Phoenix](#), which is not known for having great public transport facilities and was badly affected by the 2008 real estate crash, the study found that homes close to bus lines and light rail transit stations had held their value much better than those further away from such facilities over the five year period.

Meanwhile in [Gauteng](#), it has been five years since the first Gautrain stations were opened in time for the Soccer World Cup, and it is clear how, in line with the international trends, the values of homes in the areas around the stations have been boosted relative to those further away.

“For example, in [Sandown](#), the average price of sectional title apartments within walking distance of the [Sandton](#) station has risen by more than 96% since 2010, while the average price of similar apartments in the neighbouring suburb of [Rivonia](#), a short bus ride away from the station has risen by just 59%,” says Clarke.

Similarly in [Pretoria](#), the figures from property data company Lightstone show that the average price of flats close to the Gautrain terminus in [Hatfield](#) has risen by 33% in the past five years, while that of similar flats in neighbouring [Arcadia](#) has risen just 11%.

He says the story is the same in [Centurion](#), where the average price of sectional title units close to the Gautrain station has risen by 26% in the past five years, and in [Midrand](#), where the average price of sectional title homes in [Halfway House](#) has risen by 21%.

Then in [Johannesburg](#), flats close to the Gautrain terminus at Park Station have achieved an average price growth of 59% since 2010, while prices of flats in [Braamfontein](#) and [Hillbrow](#) have risen by an average of 29%.

But it is in [Rosebank](#) that the coming of the Gautrain has had the most marked effect, says Clarke. The average price of sectional title apartments has shot up by almost 200% in the past five years, while the increases in the surrounding suburbs over that period range from 14% to just under 50%, he says.

Clarke says it is clear now that buying a home within easy reach of a bus or train station is a good investment and likely to become an even better one in the future.

