



From the President's Desk



With this edition going out in September, my thoughts were centered around Heritage Day, which is being celebrated this month.

I looked back over my years of valuations and considered the heritage properties I had the privilege of being involved with.

The most interesting one was an old house in Parktown where the original farmhouse and coach house still existed. The stipulation from the National Heritage Council was that the construction of the buildings was to remain the same, and in particular, the roof which needed replacing on the coach house, but had to be in the same material as the original.

It was fascinating to compare the photographs that were taken over a 100 years ago of these buildings and how fortunate we are that they have been saved for us to appreciate, as well as future generations to come.

There are of course many legal requirements in ensuring that these monuments are correctly maintained for generations to come allowing us all to appreciate the history of our country's beautiful historic buildings. I have attached a link to the National Heritage Council website for those interested in reading about this further <http://www.nhc.org.za/>

Carrying on our heritage theme, we as South Africans have our 10th World Heritage site, which was awarded to our country at the 42nd World Heritage Committee Session held in Bahrain earlier this year.

02 Jul 10th World heritage site for South Africa

Posted at 09:41h in News by NHC · 0 Comments



THE INSCRIPTION OF BARBERTON MAKHONJWA MOUNTAINS IN THE WORLD HERITAGE LIST during the 42nd session of the World Heritage Committee in Manama, Bahrain puts Mpumalanga on top of the World
#MakhonjwaMountains2018

September also heralds the start of spring and with it warmer weather as well as the down run to the end of the year and hopefully holidays for us all. Let's recharge our batteries in the sunshine and shed our winter coats for the wonders of spring and our fantastic South African weather.

On the Institute front we are progressing well with our education focus and will be communicating with you shortly in our next update.

Lerato has been very active in developing relationships with our stakeholders and we were invited to present at the SACPVP workschool where Lerato gave a presentation which was very well received.

Lerato represented the Institute when the new SACPVP board was announced along with the new President and Vice President. Congratulations to John Cloete and Roshinee Naidoo on assuming the roles of President and Vice-President, respectively. We wish you strength and wisdom in your new roles.

Natex is preparing for the reconvening in November for our mini Natex to discuss driving the profession forward and making it even more relevant in the future.

I welcome your comments and suggestions and I ask that you email Lerato on Lerato@saiv.org.za
Keep safe and well,

Tracey

From the GM's Office



1st June 2018 marked the start of my journey with the South African Institute of Valuers. What an eventful and exciting time it has been! I wish to extend my gratitude to everyone who has wished me well in my new role and the amazing support that I have received from Members, Branch Executives and the National Executive.

Key to my role, over and above the management of the Institute, is fostering relationships on behalf of the SAIV with key stakeholders. Devren Hobbs is quoted as saying “The path to success is about your interactions with others: advocating for your ideas, influencing stakeholders and proactively solving problems”. This led me to my first meeting with the Registrar of the South African Council of Property Valuers Profession (SACPVP), Mr. Matsobane Seota; and a meeting with Services SETA’s Real Estate and Related Services Chamber Management, which both turned out to be a very successful initial meetings.

In the past few weeks I’ve also had the pleasure of attending the Southern Branch Winter Warmer Seminar. It was a well hosted event by the Southern Branch executive team, it was great to see a number of non-members in attendance – hopefully we will be welcoming them as members in the near future. It was also my pleasure to present to close to 100 prospective Valuers who were attending the SACPVP workschool where I gave an overview of the SAIV.

More recently, the 15th of August marked the inauguration of the 5th council of SACPVP, where I was invited to attend on behalf of the SAIV. John Cloete from Black Property Valuers Association (BPVA) was elected as the new President of SACPVP and Roshinee Naidoo as Vice President. The event was attended by representatives from the various bodies of the Council of the Built Environment (CBE); we were addressed by a member from the Department of Public Works in the absence of the Deputy Minister, who affirmed their support to the CBE’s and congratulated SACPVP on the work they were doing within the valuation industry and how well they have been working with the Voluntary Associations in addressing the interests of Valuers in South Africa.

I wish all the success to the newly elected council, and I hope under their leadership the valuation profession will grow from strength to strength.

With spring upon us, we can all come out of hibernation and enjoy the beautiful spring blossoms and time out in the sun with loved ones!

Regards,
Lerato

Spier 1692

Southern Branch Country Seminar
19 October 2018
Spier Wine Farm, Stellenbosch



Case Law on ATMs in England



The issue raised by these appeals relating to case law on ATMs in England, is whether the sites on which automated teller machines (“ATMs”) are placed in supermarkets, convenience stores and petrol filling stations are liable to be entered in the non-domestic rating list separately from the premises within which they are situated.

In 2008 there were said to be 63,900 ATMs in the UK and by 2015 the number had increased to 69,900. Many of these were in banks or other premises where the operator of the ATM and the occupier of the premises are one and the same so that the question of separate rateability does not arise; but a substantial proportion will have been machines belonging to and operated by a bank or ATM provider and placed in premises occupied by a different party for its own purposes. How are the sites of those machines to be treated for rating?

[Click here to read TRIBUNALS, COURTS AND ENFORCEMENT ACT 2007](#)

International Valuation Standards in the South African Context



Last month, in view of his extensive International Valuation Standards Committee background representing the Institute, Robin Martin was asked to provide a quotation for use in its developing IVSC campaign to highlight the growing importance of IVS around the world, through social media and presentations given by IVSC representatives. As a result of this IVSC approach, the Institute has since requested Robin Marten to provide a paper to support the further extension of the use of IVS within the South African context.

From the desk of Robin Marten, SAIV Past President and IVSC Elected Management Board Member:

For me, the core of IVS has always been the IVS definition of Market Value, together with the conceptual framework of such definition.

In 1993 the IVS Market Value definition was established at the Melbourne Meeting of the IVSC, the individual components of such definition being amplified by reference to the ensuing conceptual framework, with the comment that **"Each element of the definition has its own conceptual framework."**

In IVS 2011 this had changed to **"The definition of *market value* shall be applied in accordance with the following conceptual framework.**

IVS 2017 has made such application mandatory, with the words **"The definition of Market Value *must* be applied in accordance with the following conceptual framework."**

It should therefore be incumbent on each and every valuer in South Africa and round the world to base Market Value assessments utilising the IVS 2017 Market Value definition, with its now mandatory conceptual framework application.

To bring SAIV Members and the wider South African valuer community up to date in this regard, the IVS 2017 Section 30 Market Value definition and mandatory conceptual framework application is set out below :-

"30. IVS-Defined Basis of Value – Market Value

30.1 Market Value is the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion.

30.2 The definition of Market Value shall be applied in accordance with the following conceptual framework:

- (a) “The estimated amount” refers to a price expressed in terms of money payable for the asset in an arm’s length transaction. Market Value is the most probable price reasonably obtainable in the market on the valuation date in keeping with the market value definition. It is the best price reasonably obtainable by the seller and the most advantageous price reasonably obtainable by the buyer. The estimate specifically excludes an estimated price inflated or deflated by special terms or circumstances such as atypical financing, sale and leaseback arrangements, special considerations or concessions granted by anyone associated with the sale, or any element of value available only to a specific owner or purchaser.**
- (b) “An asset or liability should exchange” refers to the fact that the value of an asset is an estimated amount rather than a predetermined amount or actual sale price. It is the price in a transaction that meets all the elements of the Market Value definition at the valuation date;**
- (c) “On the valuation date” requires that the valuation is time-specific as of a given date. Because markets and market conditions may change, the estimated value may be incorrect or inappropriate at another time. The valuation amount will reflect the actual market state and circumstances as at the valuation date, not those at any other date;**
- (d) “Between a willing buyer” refers to one who is motivated, but not compelled to buy. This buyer is neither over eager nor determined to buy at any price. This buyer is also one who purchases in accordance with the realities of the current market and with current market expectations, rather than in relation to an imaginary or hypothetical market that cannot be demonstrated or anticipated to exist. The assumed buyer would not pay a higher price than the market requires. The present owner is included amongst those who constitute “the market”;**
- (e) “And a willing seller” is neither an over eager not a forced seller prepared to sell at any price, nor one prepared to hold out for a price not considered reasonable in the current market. The willing seller is motivated to sell the asset at market terms for the best price attainable in the open market after proper marketing, whatever that price may be. The factual circumstances of the actual owner are not a part of this consideration because the willing seller is a hypothetical owner;**
- (f) “In an arm’s length transaction” is one between parties who do not have a particular or special relationship, eg parent and subsidiary companies or landlord and tenant, that may make the price level uncharacteristic of the market or inflated. The Market Value transaction is presumed to be between unrelated parties, each acting independently;**
- (g) “After proper marketing” means that the asset has been exposed to the market in the most appropriate manner to effect its disposal at the best price reasonably obtainable in accordance with the Market Value definition. The method of sale is deemed to be that most appropriate to obtain the best price in the market to which the seller has access. The length of exposure time is not a fixed period but will vary according to the type of asset and market conditions. The only criterion is that there must have been sufficient time to allow the asset to be brought to the attention of an adequate number of market participants. The exposure period occurs prior to the valuation date;**
- (h) “Where the parties had each acted knowledgeably, prudently” presumes that both the willing buyer and the willing seller are reasonably informed about the nature and characteristics of the asset, its actual and potential uses and the state of the market as of the valuation date. Each is further presumed to use that knowledge prudently to seek the price that is most favourable for their respective positions in the transaction. Prudence is assessed by referring to the state of the market at the valuation date, not**

with benefit of hindsight at some later date. For example, it is not necessarily imprudent for a seller to sell assets in a market with falling prices at a price that is lower than previous market levels. In such cases, as is true for other exchanges in markets with changing prices, the prudent buyer or seller will act in accordance with the best market information available at the time;

(i) “And without compulsion” establishes that each party is motivated to undertake the transaction, but neither is forced or unduly coerced to complete it.

30.3 The concept of Market Value presumes a price negotiated in an open and competitive market where the participants are acting freely. The market for an asset could be an international market or a local market. The market could consist of numerous buyers and sellers, or could be one characterised by a limited number of market participants. The market in which the asset is presumed exposed for sale is one in which the asset notionally being exchanged is normally exchanged.

30.4 The Market Value of an asset will reflect its highest and best use (see paras 140.1 – 140.5). The highest and best use is the use of an asset that maximises its potential and that is possible, legally permissible and financially feasible. The highest and best use may be for a continuation of an asset’s existing use or for some alternative use. This is determined by the use that a market participant would have in mind for the asset when formulating the price that it would be willing to bid.

30.5 The nature and source of the valuation inputs must be consistent with the basis of value, which in turn must have regard to the valuation purpose. For example, various approaches and methods may be used to arrive at an opinion of value provided that they use market derived data. The market approach will, by definition, use market-derived inputs. To indicate Market Value, the income approach should be applied, using inputs and assumptions that would be accepted by participants. To indicate Market Value using the cost approach, the cost of an asset of equal utility and the appropriation depreciation should be determined by analysis of market-based costs and depreciation.

30.6 The data available and the circumstances relating to the market for the asset being valued must determine which valuation method or methods are most relevant and appropriate. If based on appropriately analysed market-derived data, each approach or method used should provide an indication of Market Value.

30.7 Market Value does not reflect attributes of an asset that are of value to a specific owner or purchaser that are not available to other buyers in the market. Such advantages may relate to the physical, geographic, economic or legal characteristics of an asset. Market Value requires the disregard of any such element of value because, at any given date, it is only assumed that there is a willing buyer, not a particular willing buyer.”

To illustrate the extent to which the IVSC valuation principles within IVS 2017 are set down, such definition forms part of IVS 104 Bases of Value, which includes the following IVS Defined Bases of Value :-

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1. IVS ADOPTION IN THE SOUTH AFRICAN CONTEXT

I would firstly like to deal with the background to the introduction of IVS into South Africa, coupled with the major improvement in property valuation and allied real estate educational standards that have taken place here since I arrived in South Africa from Britain more than 50 years ago, through the introduction of South African University Degrees and Post Graduate Degrees in Property Studies and Real Estate, for example..

I came to South Africa in 1966 as a Chartered Surveyor with the benefit of a 1961 B.Sc.(Estate Management) Degree from London University, at a stage when there were only two Universities in Britain offering such a property related degree; London University, through the College of Estate Management, which also handled RICS professional education, and the BA Land Economy degree at Cambridge University.

In 1978 I was persuaded by John Hermann to join the National Executive of the Institute, and served on such Committee for the next 26 years, with a twofold intention, to have IVS standards adopted in South Africa, and to encourage the raising of property valuation education standards to University Degree level, as at that stage only the National Diploma in Property Valuation was being offered.

In 1982, the year in which I became President of the Institute, the Valuers Act No.19 of 1982 was published, regularising the valuation profession, and including an “oupa clause”, to cover the registration of the many valuers in the country who at that stage had had no previous professional valuation training.

In 1985 I started my efforts on behalf of the Institute to gain membership of the IVSC. Due to United Nations resistance during the apartheid era, it was not until 1993 that the SAIV was invited to join the IVSC, and I attended my first Meeting of the IVSC in Melbourne that year as the SAIV representative.

At this initial Meeting, as the SAIV representative, I was privileged to have been able to participate in the determination of the IVSC definition of Market Value, which took place over a two day period, and was followed by Management Board agreement on the components of the conceptual framework application of such definition, which the Management Board considered to be very necessary..

For me It was very interesting at that Meeting to experience the differential approaches of the main protagonists leading up to the settlement of such Market Value determination, being USA, Australia and the United Kingdom , while I had provided some input with regard to the more simplistic third world approach.

2. SAIV ADOPTION OF IVS

Following the SAIV joining of the IVSC, I served an Elected Member of the IVSC Management Board for the ensuing 11 year period.

In 2003 the SAIV adopted the IVSC definition of market value, and in 2005 adopted IVS 2005 in toto as its own SAIV Standards, which were then reproduced in full in the SAIV Members' Handbook.

The Institute later terminated the issue of the Members Handbook containing the 2005 SAIV Standards to new SAIV Members. As a result, such new SAIV Members were not aware of such SAIV adopted Valuation Standards, unless they have taken the trouble to approach the IVSC for their own individual copy.

In 2014 the SAIV was one of 19 international valuation profession bodies who signed the Memorandum of

Understanding with the IVSC (SA Valuer Feb 2015 – page 38).

In terms of such Memorandum :

“The membership conditions of the IVSC state that Valuation Professional Organisation members (such as the SAIV) shall demonstrate :-

- **That the organisation requires or actively encourages its members to adopt the IVSs in so far as is consistent with the law in the State or States in which they operate;**
- **That it has a policy of promoting the adoption and use of the IVSs within the markets in which its members operate.”**

All SAIV Members have since been able to download IVS on the SAIV website, with IVS 2017 being now available.

3. SACPVP ADOPTION OF IVS

In 2009, at the request of the statutory body for the profession, the South African Council for the Property Valuation Profession,(SACPVP) , I approached the IVSC on its behalf to seek Institutional Membership of the IVSC, which it duly obtained.

In February 2015 a Meeting took place between the SAIV and the SACPVP, at which it was agreed that, rather than the SAIV, the SACPVP would open negotiations with the IVSC to enable it to disseminate IVS 2015 to all registered valuers. The IVSC had indicated to me that this could be done by way of the adoption by the SACPVP of IVS 2015 as its own SA National Standards.

The current SACPVP web site indicates that it has adopted IVSC standards, in terms of which IVS 2017 has, for example , effectively become “generally accepted valuation standards” in South Africa in terms of Section 45.(1) of the Municipal Property Rates Act No.6 of 2004.

IVS 2017 is now available for downloading from the SACPVP website by all registered valuers.

4. EXTENT OF IVS 2017 DOWNLOADING WITHIN THE SOUTH AFRICAN CONTEXT

As both the SAIV and SACPVP have now made IVS 2017 available for download on their respective websites, the question remains as to how many valuers across the country have in fact downloaded or regularly refer to IVS 2017 during the course of their valuation activities.

The responsibility for encouraging IVS 2017 devolves upon the SAIV in terms of its signature on the Memorandum of Understanding, through articles such as these, and workshops and other seminar activities for example.

In this regard the current IVSC programme to increase IVS awareness across the world is indicative of the concerns that it has with regard to need to generally improve valuation standards within individual countries all over the world, not only in those countries which have their own National Valuation standards such as the USA and the UK, which are now generally very closely linked with IVS.

South Africa has not been able to develop its own National Standards, and has accordingly welcomed the opportunity to adopt IVS, recognising that there are individual legislative implications within the country which have an underlying influence on IVS application.

One can only think of the Section 25. (1) –(3) within the Bill of Rights component of the Constitution, which states that :-

25. (1) No one may be deprived of property except in terms of the law of general application, and no law may permit arbitrary deprivation of property.

(2) Property may be expropriated only in terms of law of general application –

(a) For a public purpose or in the public interest; and

(b) Subject to acquisition and beneficial capital improvement of the property; and Compensation, the amount of which and the time and manner of payment of which have either been agreed to by those affected or decided or approved by a court.

(3) The amount of compensation and the time and manner of payment must be just and equitable, reflecting an equitable balance between the public interest and the interests of those affected, having regard to all relevant circumstances, including–

(a) the current use of the property;

(b) the history of the acquisition and use of the property;

(c) the market value of the property;

(d) the extent of direct state investment and subsidy in the acquisition and beneficial capital improvement of the property, and

(e) the purpose of the expropriation.

With the risk of potential expropriation, the question arises as to what influence these provisions might have on the underlying Market Value assessment of such a potentially affected property.

In this regard, current pressure within the country for a change to the Constitution to allow for “expropriation without compensation” could further impact on the Market Value assessment of such potentially affected properties.

In the Cape Town CBD context the City densification intention process allows for a substantial increase in permissible bulk if the developer wished to erect additional residential units on such a property, which could have a significant influence on Market Value for redevelopment purposes.

Individual factors operating within a country can therefore have underlying implications on the assessment of Market Value in terms of IVS principles, reinforcing my IVSC personal quotation comment need that, in the first instance :-

“it is my view that IVS should be at the elbow of every valuer, from those involved in cross border transactions to those practising at a local level within small firms.”

I therefore strongly wish to encourage all Members of the Institute to have IVS 2017 downloaded and to hand, for appropriate application during the course of their varying professional valuation activities.

RS Marten B.Sc.(Estate Management) FIVSA Professional Valuer

Is the Future of Valuations Virtual?



At the South African Institute of Valuers National AGM and Seminar held in May, Corne de Jager from Terracopta gave a presentation on the uses of drones, the legal requirements and spatial data. His assertion that drones are a fantastic tool for valuations to fill the gap between conventional surveys and LIDAR by utilizing the data that is captured for spatial modelling - proving accurate and detailed data, resulted in delegates posing a number of questions related to the future of valuations. In a recent EG Property Podcast a valuer, client and software solution expert sat down to discuss the future of valuations in an increasingly technological world.

During the 30 minute roundtable, Lambert Smith Hampton's head of valuations Simon Jones, John Hadcroft, senior portfolio surveyor at Aviva Investors and KEL Computing's managing director Antony Schober talk about the need for the valuations sector to embrace technology to thrive, how the laboriously painstaking pulling together of valuations could – and perhaps should – be replaced by three minute videos and virtual reality, and how documentation automation delivery will ultimately enable surveyors to deliver a more valuable service to their clients.

[Click here to listen to the conversation](#)

Deciphering the Do's and Don'ts of the law relating to Drones in Community Schemes



Drone law, an aspect of robot law in South Africa makes for very interesting reading. The flying of drones in the South African airspace had been unregulated and was, for all intents and purposes illegal. On the 1st of July 2015 the Minister of Transport adopted the laws found in Part 101 of the South African Civil Aviation Regulations. Marina Conostas, Director BBM Attorneys explains further.

You're sitting in your backyard on a hot day, surrounded by a fence and invisible to your neighbours in your Estate. You decide to take a skinny dip, when suddenly you notice a buzzing sound. You look around for a swarm of bees and instead, find yourself looking up at a drone with a camera, hovering in the air over your swimming pool. What can you do?

Well, the short answer is not much, except cover up and go indoors.

The problem is that there is currently no way to trace unmanned aerial vehicles (UAVs), also called remotely piloted aircraft (RPA's) back to the owner, since the vast majority of them are unregistered. Drone law, an aspect of robot law in South Africa makes for very interesting reading. The flying of drones in the South African airspace had been unregulated and was, for all intents and purposes illegal. On the 1st of July 2015 the Minister of Transport adopted the laws found in Part 101 of the South African Civil Aviation Regulations. The bringing in of these tighter controls was directly as a result of collaboration between the Government and the drone industry. It was critical to deal with this rapidly expanding industry by fleshing out the main issues of safety, security and privacy when using drones, and the correct way to classify them. South Africa became one of the first countries to effect comprehensive drone laws and is a member of the International Civil Aviation Organisation (ICAO) working with the member states to create an international regulatory framework for drones using Standards and Recommended Practices (SARPS).

It works out that little Pravesh Perumal living down the road in the Estate, is the proud owner of the DJI Spark Drone which was hovering over the skinny dipper. Undoubtedly, although Pravesh is a keen fan of any TV programme related to the FBI, his toy drone bought at Drone World for R7500 does not constitute a threat to National Security. A thorny issue is the [distinction](#) between a "toy" and a drone. The initial suggestion by the SACAA is that if the aircraft is being used solely for recreational or sport purposes, then it is governed by Recreation Aviation Administration South Africa (RAASA). So, the aircraft would most likely be regarded as a toy and its use would be legal. However, if the aircraft is used for commercial purposes, professional or aerial work, then it would likely be classified as a drone and would have to be regulated by the SACAA. This type of drone must be registered.

We cannot get away from the fact that your privacy as an owner in a Sectional Title Scheme or HOA is of paramount importance. In terms of the common law, as a home owner, you are entitled to the peaceful and undisturbed possession of your property. In a Sectional Title complex, Section 13(1)(d) of the Sectional Titles Schemes Management Act 8 of 2011 states that an owner must use and enjoy the common property in such a way as not to interfere unreasonably with the use and enjoyment thereof by other owners or other persons lawfully on the premises. Privacy also needs to be taken into account when further developing drone law as drones are often equipped with video cameras on them. They could record or stream videos anonymously and potentially also gather data. The [Protection of Personal Information Act](#) (POPI Act) protects an individual from the unlawful processing of their personal information. Collection is included in the definition of “processing” so before these regulations are signed into law, they must take the provisions of POPI into account especially in light of new advanced technologies like drones.

The pilot of a commercial or toy drone has to fly the drone safely, in all circumstances, and cannot by law go higher than 45 m from the ground. Interestingly the drone may not weigh more than 7kg, and cannot fly closer than 10km to an airport or over a Sanpark reserve. Pravesh Perumal would have to obtain permission from his skinny-dipping neighbour to get closer than 50m to within her property, and if he familiarised himself with the Regulations would know that his drone could only be flown in daylight, clear conditions, within his visual line of sight. Trustees and Directors in Community Schemes may wish to elucidate the current Regulations in their rules.



Reminder!

Submit your CET points to the SACPVP

Click here to visit SACPVP website

CBE August Bulletin 2018



The Council for the Built Environment (CBE) August 2018 Bulletin is out. As we see out August, we also see out winter, and eagerly await spring. Mother Nature provides the best inspiration – in the same way that spring is the season for germination, growth, new life and hope, let our minds spring into action with similar thoughts of mobilising our bodies, thoughts and hopes.

The CBE Bulletin for August 2018 includes the following interesting topics:

- Who are we building our cities for?
- SACPCMP's Fifth Term of Office Council
- Surveying the career scene
- Out-and-about

[Read the full CBE August Newsletter](#)

Patrick O'Connell's views on KZN's vanishing farmland



In a News24 article on KwaZulu-Natal's vanishing farmland, our former president and current KZN Chairperson, Patrick O'Connell said "while there may seem a great many farms out there, there is not a heck of a lot of highly productive land, perhaps only 13-14% nationally".

Farmland in KwaZulu-Natal is vanishing due to rezoning and unregulated settlement at such a rate that fast-dwindling high quality agricultural crop lands may soon become 'protected' areas.

The Department of Agriculture, Forestry and Fisheries (DAFF) has finalised a draft Preservation and Development of Agricultural Land Bill, which it is hoped will be presented to Parliament next year, DAFF spokesperson Khaye Nkwanyana told The Witness.

The aim, broadly, is to protect high and even medium quality agricultural land from being used for purposes other than farming, and to ensure it is farmed sustainably.

"It is true. While there may seem a great many farms out there, there is not a heck of a lot of highly productive land, perhaps only 13-14% nationally," said SA Institute of Valuers' KZN representative Patrick O'Connell.

[Read full article](#)



Register
KZN Branch One-Day Country Seminar
25 October 2018
Fern Hill Hotel, Howick

The booming township market and what makes them tick



The township retail and shopping centre market in South Africa is growing at a rapid pace. Despite a challenging economy and disruptions, townships have become hubs for big development in retail and brands. Lemok Group founder and Chief Executive Officer Lebogang Mokubela said that the township retail market is a force of its own and should not be overlooked or underestimated.

Lebogang, who spoke at the eighth Annual South African Council of Shopping Centres' (SACSC) Research Conference said that the township market has buying power of R11 billion. "The number of shoppers who turn out at Maponya Mall at any given weekend bears testimony to this. As an example, sitting at 65000m², the R650-million Maponya Mall in Soweto is one of the largest retail hubs in South Africa. What drives profitability within the township market is a balance between a sought-after tenant mix as well as entertainment. Previously, you wouldn't find high-end stores such as Woolworths Food in the township, however we are seeing a bigger demand for such stores. This is also driven by the fact that the township market is very diverse-for example, you can have someone who earns R1000 a month all the way to guy who spends R1000 on a bottle of champagne," he said.

Lebogang established Lemok Group, a company he formed aged 25 and has grown it from a small township-based consulting company to an award-winning digital marketing company. "I worked as a director at an ad agency on many campaigns. I became concerned by the agency's approach to township advertising and marketing. The agency would go into the market with a 'buy item X and stand a chance of winning a t-shirt' approach and think it was the way to appeal to the communities. I felt this truly undermined the market. I decided to resign and establish Lemok as an agency that would devote itself to helping brands understand the township market properly and respectfully," he said.

The Retail Centres and Township Development case study commissioned by Urban LandMark and conducted by Demacon Market Studies in partnership with the Training for Township Renewal Initiative (TTRI) and the National Treasury highlighted the growth of the township market in the last decade. According to the case study, the development of shopping centres in the township and rural areas of South Africa have increased significantly. In rural and township areas, which are classified as 'second economy' areas in South Africa, retail centres have been increasing in both number and size. Nationally, 160 retail centres had been developed in second economy areas by 2009. Of the 116 developed since 1962, 66 were developed in the 37 years between 1962 and 1999 and 50 in the 10 years between 2000 and 2009. The average size of shopping centre, measured in terms of retail floor space, increased from 6 500m² gross leasable area (GLA) before 1994, to almost 20 000m² GLA post 1994.

New data indicates that the average size of centres developed have steadily increased in size since the 1990's with centres slated for completion between 2017 and 2020 being significantly larger than those developed during the 1990's and 2000's. This trend towards larger centres may be explained by developers opting for larger formats in order to dominate its immediate catchment area and attract a higher proportion of national tenants, thus strengthening the centre's position within its catchment area. The data also indicates that proposed centres planned in the country's city regions, local/niche towns and service towns are all now 100 per cent larger compared to those developed during the 2000's. As of July 2017, the South African retail development pipeline measures 1.9 million square metres across 68 centres-the bulk of which is planned for completion this year.

Lebogang said that social cohesion is important among township communities and big business houses and decision makers need to be aware of this. "Most people would be surprised how diverse the township market is. What drives resonance in the market is simply social cohesion - people want to see and be seen. Shopping centres that can create spaces and initiatives where the market can, and want to be seen at, will win. I would suggest that developers and shopping centre marketing managers need to consider the demographic profile of the specific township before developing a mall or shopping centre. They also need to pay careful consideration to tenant mix to ensure shops will be used frequently by township shoppers - let's not assume a Boxer or Royal Butchery is what is needed. There is an ever-growing discerning consumer within the township market who'd rather drive to Mall of Africa, living in Soshanguve, just to get the experience they're looking for Not everyone is poor in the township. Not everyone speaks slang in the township. These are just some of the misconceptions brands carry and often this is the source of many shortcomings," he said.

Lebogang Mokubela



Employment Opportunities
Click here

A banner for a seminar. The left side has the Bytes Technology Group logo. The right side shows a photograph of a large conference hall with rows of chairs and a stage. Overlaid on the photo is the text 'Northern Branch 2018 MPRA Seminar', '2 November 2018', and 'Bytes Conference Centre, Midrand, Gauteng'. A large, semi-transparent 'REGISTER' watermark is also visible across the center.

Northern Branch 2018 MPRA Seminar
2 November 2018
Bytes Conference Centre,
Midrand, Gauteng

Upcoming Events



The SAIV has some exciting events planned for the coming months. Please visit our website to register to ensure that you do not miss out.

[Central Branch 2018 Agri Seminar](#)

11 – 12 October 2018

REGISTER HERE

[Southern Branch 2018 Country Seminar](#)

19 October 2018

REGISTER HERE

[KwaZulu-Natal Branch 2018 Seminar](#)

25 October 2018

REGISTER HERE

[Northern Branch 2018 MPRA Seminar](#)

2 November 2018

REGISTER HERE

[Eastern Cape Branch 2018 Breakfast Seminar](#)

29 November 2018

REGISTER HERE

Property Practitioners Bill



Members of the public were asked to provide their comments to the Department of Human Settlements on the proposed draft Property Practitioners bill. In 2015, the Minister of Human Settlements Lindiwe Sisulu stated in parliament, that **“The wish of DHS** is to prioritise for new rules that will place a heavier onus on estate agents/realtors to provide a much deeper level of advice to prospective purchasers and to engage a properly trained and certified home inspector for the sale.”

The main stakeholder, the EAAB, appears to be working with DHS to achieve a number of objectives, such as re-naming estate agents as “property practitioners” and increasing their responsibility for more informed advice to the buyer.

[\(http://parlyreportsa.co.za/landagriculture/property-practitioners-bill-will-protect-buyers/\)](http://parlyreportsa.co.za/landagriculture/property-practitioners-bill-will-protect-buyers/)

How does this affect you, the Valuer?

The bill has defined a Property Practitioner (Section 1, (a)(v)) as someone who *assesses property to determine the defects, value for money and fit for use as part of the conclusion of an agreement to sell and purchase, or hire or let property.*

Real estate agents are not qualified to determine value for money as the bill purports. The process of providing value to an immovable asset is one which requires the person conducting the valuation to have technical knowledge obtained through relevant education, and the person being registered with the regulatory body, the South African Council for the Property Valuers Profession.

Should the bill be passed, members of the public may be of the view that Property Practitioners are capable of providing such a service, which will cause much confusion.

The bill has been made available for your perusal.

Although comments have now closed, we should continue to engage on this topic until such time that the necessary amendment has been made, as it may have a detrimental impact to the Valuation profession.

[Property Practitioners Bill, 2018](#)

KZN Rental Review Workshop held at Westville Country Club



The SAIV-KZN Branch held a Rental Review Workshop at the Westville Country Club on the 15th August. The workshop was facilitated by Trevor Richardson of the KZN Branch. Attendees included property valuers, property brokers, estate agents and quantity surveyors. They all contributed their knowledge and experience to assist the institute in tabulating market information from the C&I property industry within KZN.

The retail, office and industrial sectors in main locations in eThekweni Metro and Pietermaritzburg were intensely analysed in the search for recently negotiated rentals, escalation rates and capitalisation rates. A Rental Review Schedule was made available to workshop attendees.



The large enthusiastic audience



The Big Screen: Work in Progress

Interesting Articles



We have come across a number of interesting industry related articles that may be of interest to SAIV Members. These articles include How to fix incorrect valuations/categorisations of properties “in between” property rolls; Joburg inclusionary housing a reality this year; Court to Decide How to Handle Home Repossessions; and Renewable energy could add hundreds of thousands of dollars to a commercial farm's value.

How to fix incorrect valuations/categorisations of properties “in between” property rolls

It often happens that property owners miss the deadline for objection to incorrect details on a property roll. If municipal staff advise you that there is nothing you can do after the fact to fix the problem, they are wrong. This article describes the steps that a property owner can take to compel the municipality to investigate and correct an error on a valuation roll outside of the prescribed time periods for objection to that roll.

[Read More](#)

Joburg inclusionary housing a reality this year

Despite considerable criticism and several threats of legal action, the City of Joburg hopes to pass its inclusionary housing policy before the end of the year. Moneyweb earlier reported that the draft policy provided that developers of residential complexes with more than 10 units would be required to set aside at least 20% of the total number of units for low and low-middle income tenants, with rent being capped at R2 100 per month.

[Read More](#)

Court to Decide How to Handle Home Repossessions

A landmark case to decide how banks should deal with home repossessions will be heard on 28 and 29 August in the South Gauteng High Court. This follows a directive by Gauteng Judge President Dunstan Mlambo, who ordered a full bench of the court to sort out the tangle of inconsistent home repossession judgments. Mlambo also wants the court to establish under what circumstances judges should set reserve prices on repossessed homes.

[Read More](#)

Renewable energy could add hundreds of thousands of dollars to a commercial farm's value

While communities may object to renewable energy projects such as wind farms, the projects can be worth hundreds of thousands of dollars a year to farmers. Having wind turbines on commercial farms can boost the property value, according to Herron Todd White rural valuation specialist for South Australia and north-west Victoria Angus Shaw.

[Read More](#)