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Johann Rupert's golf estate disputes R1.3bn valuation in fight over rates bill

Tycoon Johann Rupert and his partners are disputing the valuation of their R1.3 billion golf estate in the second round of a fight with a rural Mpumalanga municipality over payment of property rates.

Rupert, one of South Africa's richest people, owns the prestigious Leopard Creek golf estate, situated along the Crocodile River near the Kruger National Park in Malalane.

The estate has 271 residences, along with recreational facilities and an 18-hole golf course with a club house.

The golf course is known for hosting the annual multimillion-rand Alfred Dunhill Championship, which attracts the best professional golfers from all over the world.

Leopard Creek Share Block, which owns the golf course and estate, has approached the Valuation Appeal Board to oppose the Nkomazi Local Municipality's latest valuation roll that puts the value of the property at R1.3 billion.

But the company insists that their property is worth R450 million to R850 million less than the municipality's property valuators claim.

Two years ago, the municipality tried desperately to twist the arm of the Leopard Creek Share Block to pay R76.4 million in unpaid rates and taxes.

The parties settled after the Valuation Appeal Board said the property could be categorised as residential property worth R750 million for the 2014-2018 valuation roll.

The municipality had at that time valued the property at R1.3 billion and was demanding full payment of rates and taxes from the company, which had until then been enjoying a sizeable rebate from a 1996 agreement.

Leopard Creek Share Block had signed an agreement with the erstwhile transitional council to pay only R35 000 a year. This arrangement did not change even after Parliament passed the Municipal Property Rates Act in 2004.

When the company opposed the valuation roll in 2017, it would have been paying R8.8 million a year – the same amount the Nkomazi municipality is now angling to receive from it.

Nkomazi Local Municipality spokesperson, Cyril Ripinga, said that the next sitting of the Valuation Appeal Board was scheduled for next week.

"The property is valued at R1.3 billion and Rupert's company must pay. He pays millions to lawyers without feeling anything but we, as a rural municipality, do feel the pain when we pay lawyers on this matter," Ripinga said.

"He is prepared to spend more on lawyers than paying us money that would be distributed to all," he added.

Leopard Creek's value is more than Nkomazi Local Municipality's 2019/20 budget, which is R1.1 billion.

In 2008, the municipality went to great lengths to prevent communities from including Leopard Creek as part of their land claims because of the estate's positive economic impact in the area. The municipality obtained an order from the Pretoria High Court in favour of the estate.

Leopard Creek's lawyer, Cornelius Gouws, did not respond to written questions from City Press.

But in their appeal, which City Press has seen, Leopard Creek has attached an opinion from property consultancy Norman Griffiths & Associates which put the value of the estate at R450 million.

"Individual units with residential golf estates," said the consultancy's report, "are normally registered by way of freehold title as erven in a township or by way of sectional title.

"These are the methods preferred in the market for the creation of saleable units.

"Leopard Creek has not been subdivided which has resulted in a distinct disadvantage to a potential developer who will first have to subdivide the single farm portion to create saleable units, and this time factor will have a detrimental effect on the market value," the report said.

"We considered the possibility of the existence of a superwealthy person who might be interested in acquiring Leopard Creek because of its uniqueness and prestige attached to such ownership …

"The notional purchaser, no matter how wealthy and/or philanthropic, would be faced with the dilemma that long-term single owner occupation of the entire property is practically unrealistic."

Cape CBD property prices soar by 40% - report

Cape Town - A report by the Cape Town Central City Improvement District (CCID) has revealed that the local property market has soared in value by nearly 40%, from R30628 billion in 2016/2017 to R42860bn in 2018/2019 - with 39 new developments worth in excess of R13.5bn in the pipeline.

CCID Board chairperson Rob Kane said: "While the overall value of properties is likely to change with the adjudication of objections in the City of Cape Town's current round of updating the general valuation roll, we are heartened by the increase in gross valuation for the Cape Town Central Business District (CBD). Combined with the developments under way or proposed, the overall picture shows confidence in the development potential in the central city."

In the CCID's report titled the "State of Cape Town Central City Report 2018 - A Year in Review" it stated that vacancy rates for commercial office space rose in the last year, with 30000m² of new office space coming on to the market. However, Cape Town continues to have the lowest office vacancy rates of South Africa's five largest metropolitan centres.

"In 2018, the median price of apartments sold in the CBD was R2.1 million, slightly higher than the median of R2m in 2017. After cooling slightly in 2017, as activity levels in the housing market adjusted to prevailing economic conditions, the completion of two new residential developments saw unit sales increase to 361 units in 2018, up from 316 in 2017." Kane said that prices have run ahead of economic realities in recent years.

"Deteriorating affordability has shifted conditions from a seller's to a buyer's market, in which buyers are willing to wait for value to return to the market while sellers are no longer dictating prices." The report suggests a revealing trend in terms of home ownership.

Nearly 60% of city dwellers own their properties, while nearly 25% are tenants in rental properties. The remaining 15% own their property and rent to tenants.

Former commercial buildings in the CBD converted to residential buildings include Triangle House, and the former Nedbank building on the Foreshore, recently launched as the Onyx. Rob Vanlierde of Smook Properties said: “The UDZ tax incentive for developers has meant that redeveloping older buildings or constructing new ones has become much more feasible. As properties have been developed over the last seven or so years, the city centre has become a more attractive area and therefore invited even more investment.”

Back in February, the City council received thousands of objections to municipal property valuation increases of more than a third on average, but in some cases as high as 100%.

Sandra Dickson from action group Stop CoCT said: “Though an impressive report, one cannot but come away from reading it that the CBD in Cape Town is the playing field of the elite. The rest of us living only kilometres away have zero benefit from this investment and expensive lifestyle the inner city has to offer. It begs the question regarding affordable housing in the CBD.”