

# Election impact on the property market

This month South Africans around the country exercised their right to vote in the municipal elections to decide which party will run their municipal district for the next five years. Regional director and CEO of RE/MAX of Southern Africa, Adrian Goslett, says that he has been asked on a few occasions what influence the upcoming elections have had on the property market over the last few months and what we can expect afterwards.



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## Wait-and-see approach

“To be honest this isn’t an easy question to answer, considering who of us can truly say for certain what will happen in the future. However, I can offer my opinion on where I see the market going based on my experience working within the property industry,” says Goslett. “It would certainly seem that people have been hesitant to invest in property leading up to the elections, with many potential buyers adopting a wait-and-see approach. Many are holding back to see where things are going from a political perspective, however this is not the only factor that is having an impact.”

He adds that there are several things happening from an economic standpoint at the moment and many consumers are nervous about whether the market will experience a dip down in the near future. “That said, I think that after the elections there is likely to be resurgence in the property market and a bit of an uptick as consumer confidence returns and more buyers get ready to get back into market,” says Goslett.

He notes that many within the real estate industry have coined the months leading up to this point as a slowdown in the market. However, Goslett says that he would prefer to look at it in another way. “While the numbers in the property market do reflect a slowdown - there are buyers in the market and there is a certain amount of available stock. Nevertheless we have reached the point where buyers are not prepared to pay the prices at which the stock is currently being marketed, putting the market in a state of flux,” he says.

## Shifting momentum

“Over the next few months as home prices adjust - and they will have to adjust downwards if sellers want to sell their properties - you will see the market begin to flow again. While there are issues around banks’ lending, or rumours that the banks are tightening up their lending criteria, I don’t think that is as much of an issue as buyers just not wanting to pay inflated home prices.”

Goslett believes that the market is currently in a transition period with momentum shifting towards the buyer. The shift will cause property prices to stagnate for the time being. However, opportunities often reveal themselves in times of change. While there is any number of factors that could influence the property market and its performance during the remainder of this year, the residential market continues to hold its own, despite challenging economic conditions. The crux is for buyers and sellers to understand the market conditions in which they are trading and tailor their buying and selling decisions and behaviour accordingly.

“Interesting times lie ahead for the country and the property market. Those who are prepared and ready will be able to make the most of the times ahead,” Goslett concludes.

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