

Sarb's decision to leave interest rate unchanged is good news for home buyers

Following yesterday's announcement by the South African Reserve Bank, rates will remain unchanged for this quarter, which means that the prime lending rate is still 9.25%.



Image source: [Resbank.co.za](https://resbank.co.za)

Lesetja Kganyago, the new Governor of the Reserve Bank, also stated that twelve-month growth in mortgage advances to households remained at levels below 3%, and that this, along with other economic trends, would see consumer demand for lending remain constrained in the coming months.

South African bond originator, ooba says that this announcement to keep the interest rate unchanged will be welcomed by local home buyers.

"The decision is a great relief to South African property owners. The relatively low interest rate environment that continues to prevail is good news for the residential housing market as it gives prospective homebuyers an opportunity to acquire property and secure home loan finance at an affordable cost of credit," says Kay Geldenhuys, ooba's property finance processing manager.

The October oobarometer house price index, released this week, revealed that the average house price rose 1.9% year-on-year to R953,018 from R935,252 a year earlier. Strong price growth in the first-time buyer's market was also recorded with a year-on-year increase of 7% from R711,691 to R761,653.

Kganyago did note that interest rates would have to normalise in due course, given the country's current economic outlook.

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