

Repo rate needs to remain steady to boost confidence

In anticipating that the Reserve Bank would keep the repo rate steady, Dr Andrew Golding, CE of the Pam Golding Property group stated, "Inflationary pressures are noted and, while recent reports of reduced consumer indebtedness are positive, South Africans, including homeowners, are faced with ongoing fuel and utilities price hikes, as well as increases in property rates.



"The cost of living continues to rise and, as affordability remains a pressing issue facing aspirant and existing home owners, it is hoped that the repo rate will remain at its current low levels for the foreseeable future. Indeed, a further reduction in the interest rate would provide a boost for consumer confidence generally."

More young buyers coming forward

Dr Golding says from a group perspective, the highest demand for homes remains in the R1.5-R3 million price band, while enquiries indicate the growing demand from young, first-time buyers (both individuals and couples) wishing to gain a foothold in the market continues to gather momentum.

"While this is positive news and to some extent is fuelled by a pent-up demand in this quarter, the translation of these serious enquiries into actual sales remains dependent on access to finance and bank lending criteria preclude many aspirant young home purchasers. Having said that, there are 100% loans available to qualified buyers, mainly in the lower and middle sectors of the market and bank lending has improved year on year.

"In the lower end of the market, below R1 million, it is encouraging to see that there are a number of exciting new housing products in the pipeline, which will bring more affordable homes into the marketplace. In other, higher price ranges, while new developments are gradually emerging, the new developments market generally remains muted. In addition to affordability, key drivers among homebuyers remain access to good schools, places of work and amenities, and security, while more buyers that are affluent strive to achieve homes, which offer a better, more desirable quality lifestyle or sense of community.

"Other trends we are seeing is that there are gradually increasing enquiries for leisure properties or second homes, when compared with the slow activity experienced in this sector in recent years, and we also note rising interest in agricultural farms," he concludes.

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