

Property market: Flat prices, more stock and potential rate cut ahead

The news that the economy contracted by 3.2% in the first quarter and that the GDP growth outlook for the year has been adjusted to 1% by the Reserve Bank and Moody's is not what we had wanted to hear right now. It means that the property market will remain weighted by the economic conditions and sellers will have to wait a bit longer before prices will start rising again.

 By Samuel Seeff 14 Jun 2019



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While looking forward to buyers returning to the market following the investor-friendly elections outcome, the story of the market, however, remains largely that of buyer apathy and weak demand. At the same time, stock levels continue rising while price growth has weakened further to 3.3% (from 3.4% in April) according to FNB. With inflation at 4.4%, house prices are now in real terms declining according to the bank.

Under these circumstances, the market will likely continue to trade fairly flat throughout this year. While there are always exceptions and some areas continue to perform better than the market averages, the reality remains an overstocked market and climate of weak economic growth. The result is that the focus will remain on asking prices.

Buyer's market

The flipside to this is that most areas are reporting that with the demand side of the property equation down and the supply side up, conditions have swung in favour of buyers, and it is a good time to buy. This is further supported by a flat interest rate and possible rate cut in July. Increased competition among the banks for the limited pool of mortgage loan applications also means that it is a little easier for buyers to obtain mortgage loans.

Buyers should really now start taking advantage of the opportunities in the market. In many areas, you can still buy at the same prices as last year, so if you are ready for your next property move, but have been waiting, then now is a great time to get hold of your local agent to have a look at the good deals on offer in the market.

There will always be a market for well-priced property, but the days of overpricing are gone for now. Seller will find resistance to high prices as buyers are now looking for an irresistible price.

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