

FNB records 46% uptick in secondary property purchases in Q4 2020

FNB has reported a 46% increase in the total number of buyers who purchased secondary properties in the fourth quarter of 2020 compared to the fourth quarter of 2019. 20.6% of the purchases made for properties priced at less than R500,000 and 24% for properties priced between R500,000 and R1m.



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FNB Private Bank lending chief executive Praven Subbramoney says, “This data mirrors the trend currently seen in the broader property market regarding the increase in secondary property buying in the more affordable segments driven by middle and high income earners who are taking advantage of low borrowing costs and well-priced properties. In addition to low interest rates, the increased demand can be attributed to the savings customers made from not paying student accommodation during the lockdown period and the trading down in this market due to decreased demand.



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Rental, holiday purchases

"Clients purchase additional properties for various reasons, primarily for rental and holiday purposes. For rental property purchases, the purchaser typically looks at properties that fit within their financial management journey and wealth creation aspirations. Having said that, student accommodation purchases, as well as sectional title properties, are in demand due to their lock up and go nature and lower maintenance costs.

"What has also become prevalent is the upward trajectory in investing in this type of property due to the

energy and water saving solutions which put money in the investors' pocket. Coastal properties are also preferred for people looking for holiday homes and with the advent of Airbnb, it has made it easier for these individuals to also earn rental income on their holiday homes.”



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Women dominate home-buying market

Of those who bought secondary properties in 2020 and grew their property balance sheets, 52% were male and 48% were female. With this said, the broader home buying picture still depicts that women dominate the home-buying market by 53%, especially in the first-time home buyers' market.

From a regional point of view, 34% of secondary properties were purchased in Gauteng, 22% in the Western Cape and 9% in KZN, mirroring the economic and job activity in these leading provinces.

“Property represents a stable investment which will grow over time and serve as a wealth creation tool for you and your family for future generations to come. If you are looking to enter the property market for a secondary property, remember that property is a long-term investment which comes with monthly costs. Before making the commitment, it is always worthwhile to consult experts who will be able to assist you in the process of turning your property into an investment and advise you on a strategy that will positively impact the growth of your portfolio,” concludes Subbramoney.

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