

Property looks hopeful for 2011

Commenting on the unchanged repo rate, Dr Andrew Golding, CE of the Pam Golding Property group said, it was perhaps not surprising that the Monetary Policy Committee took the decision hold the repo rate stable given recent more favourable economic indicators - including Fitch Ratings improved outlook for South Africa's economy and a flat inflation figure.

"From a residential property market perspective, the December holiday season is traditionally quieter than the rest of the year from a pure sales point of view. Notwithstanding this we have seen an increase in unit sales when compared with the same period last year, and this is now coupled with an increase in activity levels and increasingly positive market sentiment in general.

We continue to see a gradual return of developers to the housing market and growing interest from buy to investors, as well as increased activity at the top end of the market and sustained interest among cash buyers. It is also true, however, that while mortgage lending criteria have improved to some extent they remain a restraining factor in regard to the translation of purchase offers into successfully concluded sales transactions mainly in the medium and lower price sector.

"We remain cautiously optimistic regarding the year ahead and believe 2011 will evidence a continuing upward trend in buyer activity and interest, predominantly in the primary home market. While interest rates remain low, many consumers still contend with excessive debt and those with the financial capacity to purchase homes are researching the market thoroughly and generally spending wisely. As a result, sellers whose homes are realistically priced are those who are achieving successful sales.

"We remain positive that the quality of our property market, coupled with long term confidence in South Africa and responsible bank lending criteria will support the re-emergence of a traditional long term, positive property cycle. While much will depend on the extent of international stability, the probability appears to be weighted in favour of a good year ahead," concludes Dr Golding.