

# What's on the cards for property in 2018

 By [Tony Clarke](#)

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2017 was a challenging year for the South African property market in general, despite small pockets of thriving activity in areas like the Western Cape. Here are the property trends and market influences that could make their impact felt in the new year.



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## Demand and market activity

2017 showed a slow but consistent decrease in market activity across the country, with the average time on the market increasing to around 16 weeks. This was mainly due to two influences: a decrease in consumer confidence and spending power thanks to our tumultuous political and economic climate, and a reluctance – or inertia – from sellers to adjust their asking prices accordingly.

While these influences are unlikely to change much in 2018, and their combination will almost certainly continue to depress market activity in the mid- to high-end price bands, the outlook for entry-level properties is much more positive.

No matter what the financial situation, people need a place to live, which means there's always going to be demand for property. In tough economic times, that demand shifts towards more affordable investments, increasing activity on the lower end of the market. As a result, new developments and entry-level housing are going to hit the ground running in 2018, and remain a profitable investment in the long term.

## Price growth

In keeping with demand trends, the lower end of the property market will likely experience the highest growth in 2018. We've already seen this trend making its impact felt over the course of 2017, with properties valued under R1m seeing far stronger price growth than those over the R1m mark. There are, of course, areas that buck this trend and show excellent price growth in other value bands, but on average, we do expect affordable property to outperform the rest in 2018.

## Finance

Despite 2017's economic issues, banks are reported to have lightened up on their lending criteria towards the end of the

year, which could make things easier for buyers in 2018.

We've seen bonds being granted at better rates than we've had for a while, and banks are making it easier for entrepreneurs to access housing finance. That's good news for first-time buyers who are considering getting into the market – they could find very favourable options on the table in 2018.

For the "buyer-to-be", save for the highest deposit possible in order to secure a better loan to value ratio, this will inevitably give the buyer negotiating power with the banks in order to achieve the best interest rate possible. Affordability is still key, and consumers should be conservative in their expenditure wherever possible.

Banks may be tending towards leniency, but they're far from reckless. You're still going to need to be able to prove financial responsibility and your ability to service a loan. With all our economic uncertainty, I'd definitely recommend erring on the side of caution when it comes to financial commitments, but I do think property remains one of the most stable investments you can make in present circumstances.

## ABOUT TONY CLARKE

Tony Clarke is the MD of the Rawson Property Group.

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