

Interest rate news good, time to get on with rebuilding the economy

 By [Samuel Seeff](#)

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Following the November rate hike, the Seeff Property Group has welcomed the decision to keep the interest rate on hold as the right decision. We need stability so that we can get on with rebuilding confidence and the economy.



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This follows the Reserve Bank's Monetary Policy Committee (MPC) decision to retain the repo rate at 6.75% (base home loan rate at 10.25%).

This is a "year of great expectation" and the decision to retain the rate is the right one. Although inflation is a concern, it is weighted by the reasonably stable rand, declining fuel price, and Moody's keeping the sovereign credit rating and outlook stable with a gradual strengthening of institutions and increasing transparency.

While we look forward to a much improved year, the reality remains a sluggish economy and we therefore simply cannot afford any further shocks for the economy.

Stability and a return to confidence is now vital. The general sense is that once the May Election is out of the way and delivers a positive mandate for President Ramaphosa, and barring any further shocks, the economy and property market could start lifting more meaningfully by mid-year.

Business as usual for some

In the meantime, it remains business as usual for the "have to buy and have to sell" residential sector in the price band up to R1m-R1.5m to around R3m depending on the area. These buyers and sellers need to transact for various reasons, and buoyed by the fairly benign interest rate, this sector will continue ticking over despite sentiment. Here, well-priced properties can still sell within a reasonable timeframe.

Given that the fundamentals in the property market will remain weak during the first half of the year with subdued demand, longer sales cycles and flat price growth, sellers, especially in the higher price categories, will need to make their price attractive to catch the attention of buyers who have a lot more to choose from.

That said, there are always neighbourhood and regional variations and it's best to work with a local area expert who understands the dynamics of your local market. While we expect the market to improve, there are no guarantees, so take care not to hold back on accepting a good offer, especially if you are looking to buy right now.

ABOUT SAMUEL SEEFF

Samuel Seeff is chairman of the Seeff Group.

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