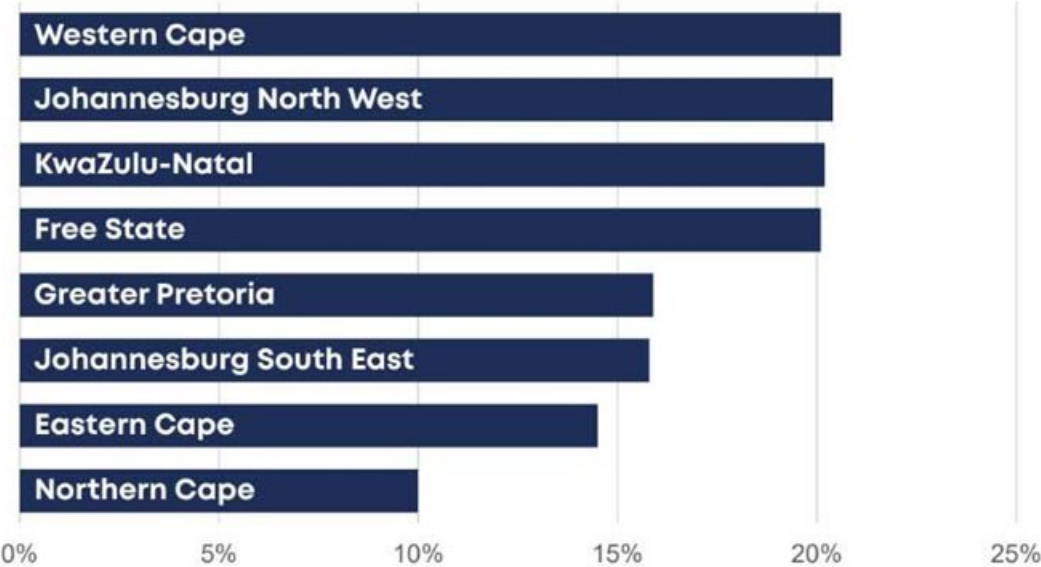


First-time homebuyers get better value for money in these 4 provinces

According to BetterBond, first-time homebuyers in the Western Cape, KwaZulu-Natal, Free State and the northwestern parts of Johannesburg get 20% or more home for their loan. In Greater Pretoria and the southeastern parts of Johannesburg, it is almost 15% more than other buyers, while in the Northern Cape, the price difference is around 10%.

% difference between house prices for first-time buyers and all buyers



Source: BetterBond Property Brief

Research economist Dr Roelof Botha noted in last month's issue of the BetterBond Property Brief that, “In provinces with greater population density and therefore more housing stock, first-time buyers often get better deals.”

The national average price of a home for first-time buyers, based on BetterBond home loan applications for the 12 months ending March 2023, is R1.2m, says Carl Coetzee, CEO of BetterBond.

“First-time buyers in the Western Cape pay more for their homes than buyers elsewhere in the country, but in terms of price difference between these and other buyers, they are getting more bang for their buck. This helps us understand why premiums are being paid in some parts of the country.”

BetterBond data for March 2023 puts the average first-time home purchase price in the Western Cape at R1.5m. A quick search on Property24 shows that R1.45m will buy a one-bedroom apartment in the Gardens area of the Cape Town CBD, or a two-bedroom apartment in Claremont in the southern suburbs.

In the northwestern parts of Johannesburg, the average first-home purchase price is R1.2m. This would secure a two-bedroom apartment in Linden or Northriding.



Source: www.pxhere.com

KZN offers considerable value for money

In KZN, the average price for a first home is R1.19m. “KZN offers first-time buyers considerable value for money, with more than 20% difference between house prices for first-time buyers and other buyers,” says Coetzee. In areas such as Morningside, Glenwood and Reservoir Hills, aspirant buyers stand a good chance of finding properties priced below R1.2m.

“The government's decision to increase the transfer duty threshold to R1.1m could kickstart many first-time buyers’ homeownership plans,” says Coetzee. “This threshold exempts buyers from paying transfer duties on properties that sell for R1.1m or less.”

First-time buyers may also qualify for bonds in excess of 100% if they meet the banks’ lending criteria. March 2023 data released by Lightstone shows that 59% of residential homes registered at the Deeds Office are owned by first-time buyers.

“There are still plenty of opportunities for first-time buyers to enter the property market,” says Coetzee, “and as we can see, there is significant value for money to be had if you choose your location carefully.”