

Positive about property: Here's why you don't need to panic

 By [Bruce Swain](#)

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If one were to believe everything you read, or take to heart everything the analytics and reports suggest, you may end up feeling rather gloomy, particularly pertaining to the performance of the property market over the past few months.



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Recently the FNB Property Barometer reported that the second quarter of 2018 was a rather bleak one for the property market with very slow house price growth, properties remaining on the market for longer than average, and a lack of interest and movement in the buy to rent market. And to compound matters, there is concern around land expropriation.

This certainly paints a bleak picture and while it's true that buyers are reluctant to put pen to paper, there's no reason to believe that we're stuck in a downward spiral. In times like these it is important to look at the facts, take the emotion out of any decision making, and treat it as business as usual.

Interestingly, and contrary to what the economic reports and indicators suggest, May and June 2018 were great sales months for Leapfrog.

The right price

What this news does mean is that sellers need to be careful with pricing, as over-priced properties are sure to remain stagnant on the market. A trusted property advisor can help with a professional assessment of the property to help you determine a market-related price.

Having said that, serious sellers may have to adjust their prices if they want to sell, which could mean a better deal for buyers.

Our advice to both buyers and sellers is to remove emotion from the equation and to focus on the facts instead, and in doing so ensuring a fair deal for all involved.

Roofs over heads

People will always need homes, and while the economy influences how they go about ensuring a roof over their head, it simply requires a different focus for the property market. In tough times we see less first-time buyers, with people opting to rent for longer, which indicates a positive for the buy-to-rent market.

The rule of law will prevail

Concerns around land expropriation remain a concern for both buyers and sellers but again, Swain stresses, it is important to think rationally and keep emotion out of any related decision making. We believe that the government is committed to the rule of law and the expropriation of property without compensation contravenes Section 25 of the Constitution, which is no small barrier.

Also bear in mind that the country's financial institutions have billions invested in the residential property market and President Cyril Ramaphosa has mentioned that he would not let the land expropriation without compensation process threaten that economic stability or security.



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There are many reasons to be optimistic about the market, including a very low inflation rate and a stable interest rate, with prime currently at 10%.

For most markets across the country, the demand for properties less than R2m is still very good and the rental demand up to R12,000 is also stable.

Whether you're buying or selling, it's important to remain informed and educated by consulting a trusted property advisor and to look at the facts, rather than being led by emotion and media hype.

ABOUT BRUCE SWAIN

Bruce Swain is the CEO of Leapfrog Property Group.

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