

Housing market on track for a bumper 2022 - Betterbond CEO

Whether or not the repo rate is held steady at 3.5% for the eighth consecutive time or increased slightly this week, according to Carl Coetzee, CEO of BetterBond, homeowners still have ample opportunity to make the most of the favourable lending environment.



Source: Gallo/Getty

“While we would welcome a decision to hold the repo rate steady one more time, we will not be surprised if there is a nominal increase in line with quickening inflation. This week’s decision is going to be a close call.” Coetzee explains that South Africa’s lower-than-expected growth outlook and the financial toll of load shedding locally, as well as global supply chain disruptions, has divided economists and analysts ahead of Thursday’s announcement.

Residential market boom

But regardless of the outcome, the housing market remains on track for a bumper 2022, says Coetzee. “The residential property market has not just rebounded in recent months, it has boomed. What bodes well for further consolidation is the fact that buyers in all price ranges have been able to make the most of the favourable lending environment,” says Coetzee. “After the initial surge in first-home buyer activity seen last year, we are now noting renewed interest from buyers at the upper end of the market as they make the most of the low interest rates.” Bond applications for homes of more than R3m have increased by almost 48%, now accounting for just over 6% of all BetterBond’s applications, compared with just over 4% in October 2020.

House prices - always a good indicator of the state of the property market - are increasing, although there are signs that the rate of this inflation is slowing, says Coetzee. “BetterBond’s average home purchase prices confirms Lightstone’s data which shows house price inflation across almost all provinces.” Some, like the Western Cape, Eastern Cape, Limpopo and Free State show growth well above the national average of 5%. “The average purchase price for BetterBond’s clients nationally increased by 12.88% year-on-year for October, while first-home buyers are paying on average 13.38% more for their homes,” says Coetzee.



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Deeds Office registrations up

Strong buyer activity is reflected in the 93.6% increase in BetterBond's home loan registrations for the past six months ending in September. This is up considerably from the 73% increase recorded over the same period in September last year. It also reflects Deeds Office registrations which have risen by 80% over the same period this year.

"As the economy slowly recovers and inflation inches higher, we do expect interest rates to normalise. But the good news is that these changes will be gradual, with nominal increases that will keep the prime lending rate at single digits for the next two years," concludes Coetzee.

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