

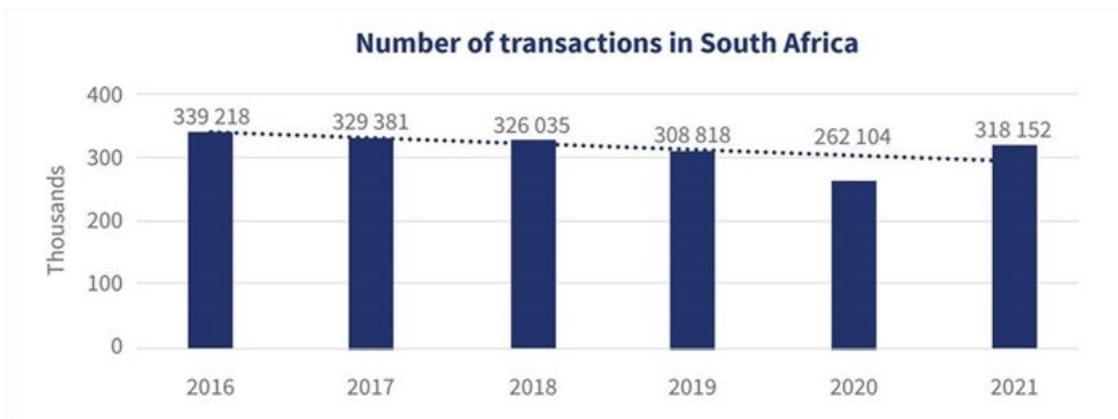
Residential market bouncing back but overall trend still negative

While the local residential property market bounced back in 2021 from the Covid-induced blues of 2020, it is yet to be seen whether the market continues to improve and grow or reverts to its gentle, downward trajectory of the last five years.



Source: magiceyes © [123RF.com](https://www.123RF.com)

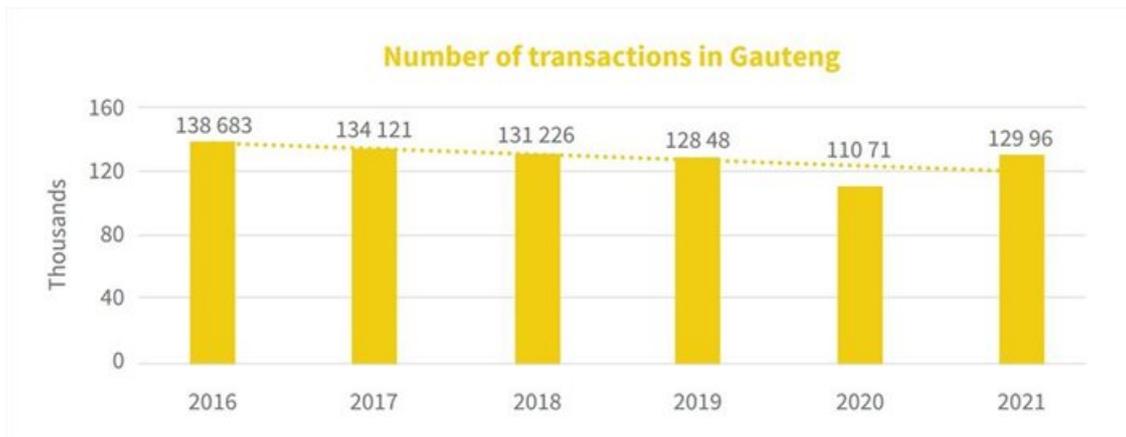
Hayley Ivins-Downes, head of digital at Lightstone, said that property transfers totalled 318,152 in 2021 as pent-up demand from 2020 – when hard lockdowns severely impacted the market – came through the system. However, she said the average of 2020 and 2021 would still have represented a decline from 2019, which itself was significantly down on 2018’s 326,035.



Tough economic conditions and political and economic policy uncertainty continued to undermine confidence in many spheres of activity, including the residential property market.

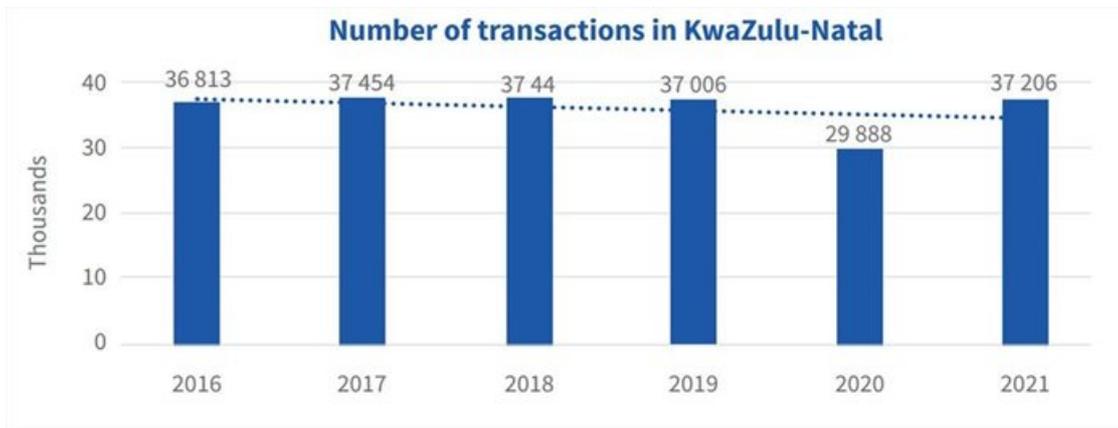
Until the macro environment improved, Ivins-Downes said it was unlikely the property market would either, although “there have been pockets of resilience and growth in certain geographical areas and price bands”.

Gauteng (see graph below) remained the province with the most property activity, with 129,960 transactions in 2021, just short of the total number recorded in 2018.



The Western Cape was next highest, with 76,941 transfers registered in 2021, significantly up on the 54,400 transfers in 2020 and the best year since 2016. In fact, 2021 reversed four years of decline, and a combination of low interest rates, better run municipalities and work-from-home / semigration would more than likely account for the change.

Transfers were also up in KwaZulu-Natal in 2021 but remain just below 2018 levels.

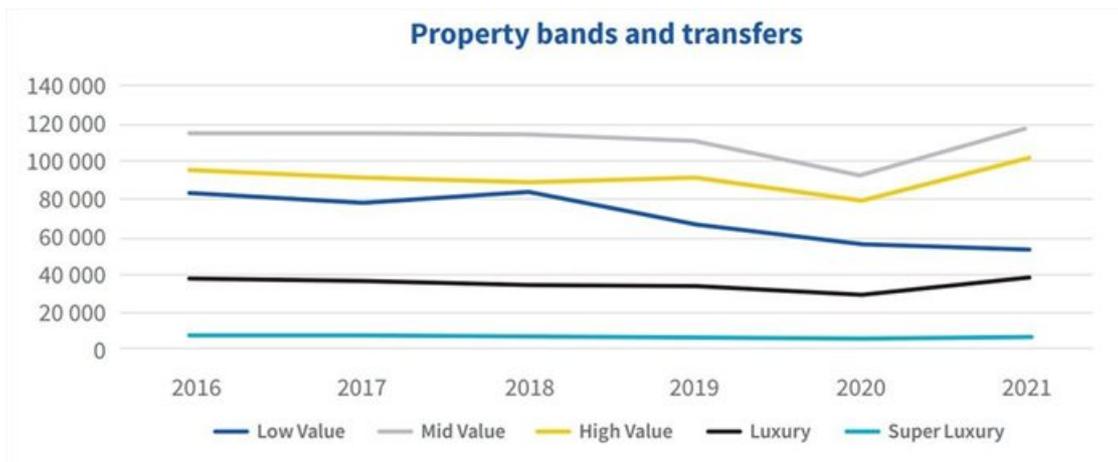


Growth in high-value and upwards

While the residential property trend is negative, there are pockets where recoveries have been stronger, and performance has been good.

	2016	2017	2018	2019	2020	2021
Low Value	82 985	79 317	82 466	67 787	55 498	53 384
Mid Value	115 210	115 436	112 888	111 164	92 662	117 159
High Value	95 579	92 087	89 621	90 093	79 551	102 462
Luxury	38 032	35 738	34 064	33 105	29 231	38 086
Super Luxury	7 412	6 803	6 996	6 669	5 162	7 061
Total	339 218	329 381	326 035	308 818	262 104	318 152

Ivins-Downes said this was not true of the low-value market which had declined significantly in recent years. In 2021, 53,384 transfers were registered as compared to a six-year high of 82,985 in 2016. The mid-level market, however, recovered to just above 2016 levels, although as the graph below shows, the performance across all five bands is poor to pedestrian, with just the high-level band performing positively.

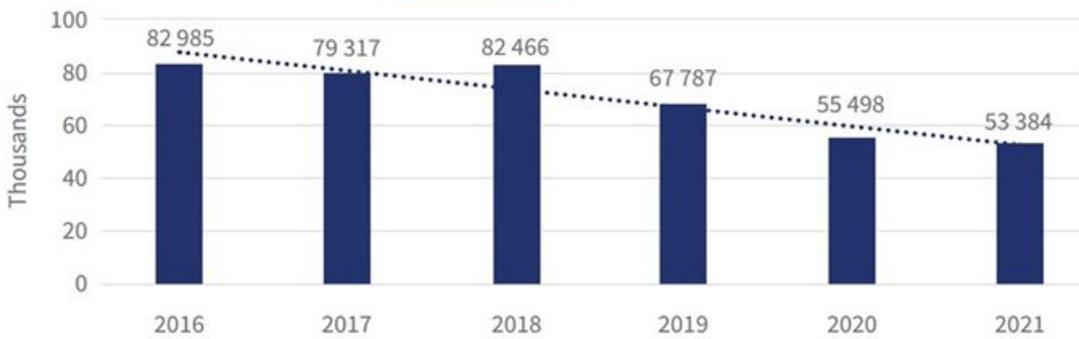


Lightstone's Wealth Segments

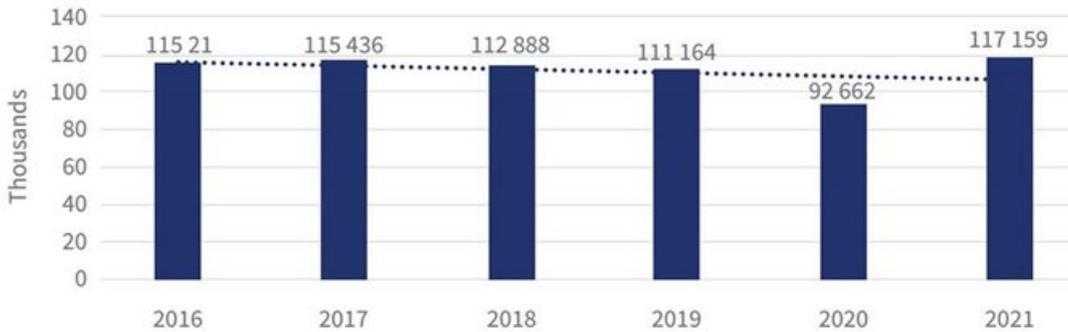
Affordable	< R250k
Mid Value	R250k - R700k
High Value	R700k - R1.5m
Luxury	R1.5m - R3m
Super Luxury	> R3m

In fact, high-level transactions in 2021 were at a six-year high, as was luxury by a few transactions and super luxury was not much short of its high in 2016. The data confirms that it is the middle-class and wealthier homeowners who are better weathering the economic storms.

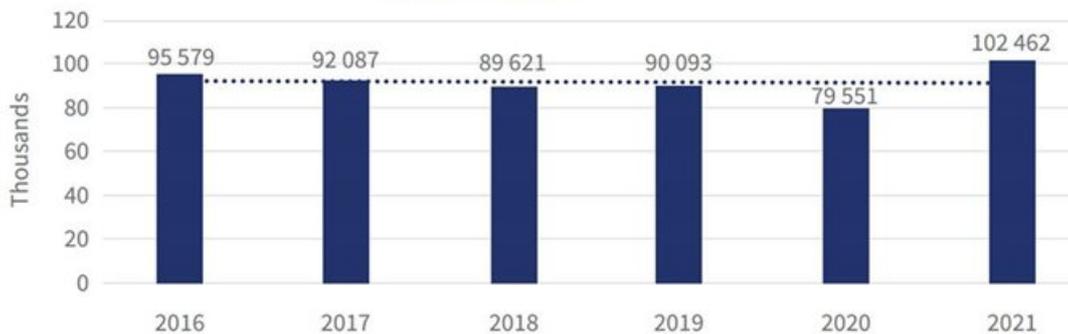
Number of Low Value transactions in South Africa



Number of Mid Value transactions in South Africa



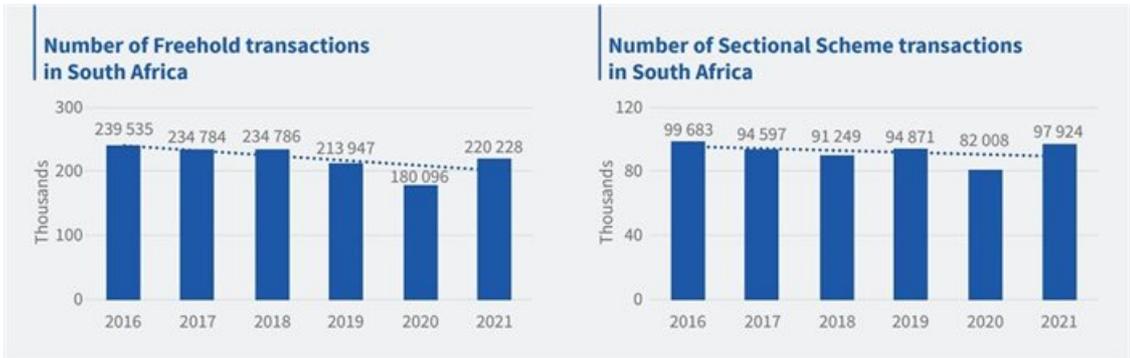
Number of High Value transactions in South Africa





Sectional scheme transactions slightly up as a %

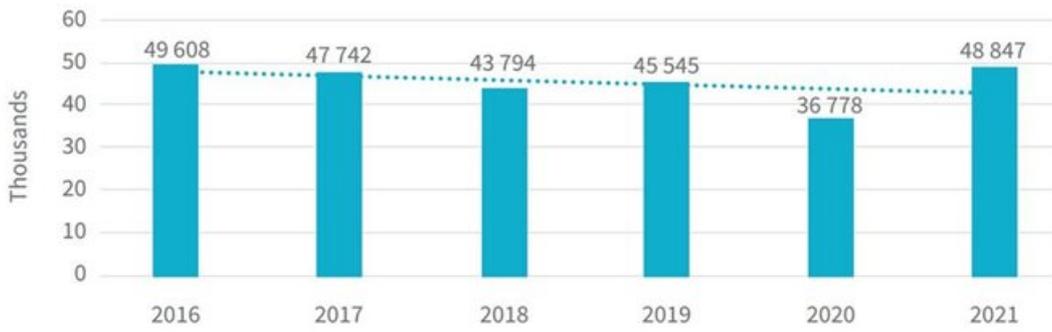
Sectional scheme transfers account for 30.7% of all transfers in 2021, nearly 1.5% more than the 29.3% in 2016.



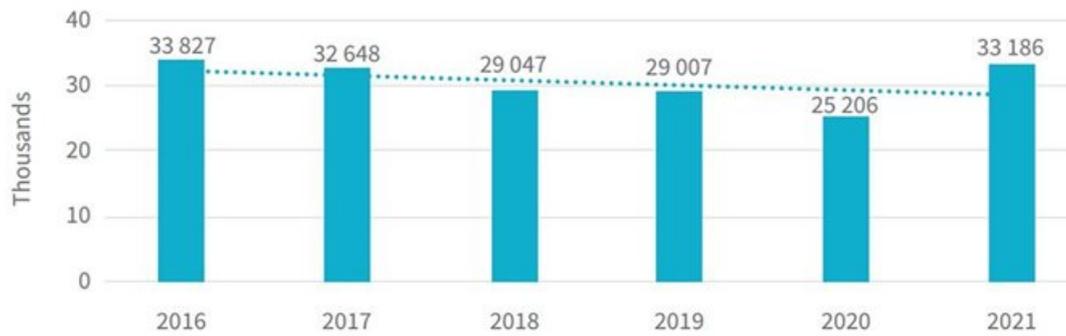
As you were! 2021 bounce numbers mirror 2016 in Cape Town

While the total transactions, freehold and sectional scheme numbers recorded in Cape Town in 2021 were similar to those recorded in 2016, they do not yet reverse the declining trend. The Western Cape has been the beneficiary of semigration but not to the extent yet that it is influencing the numbers upwards.

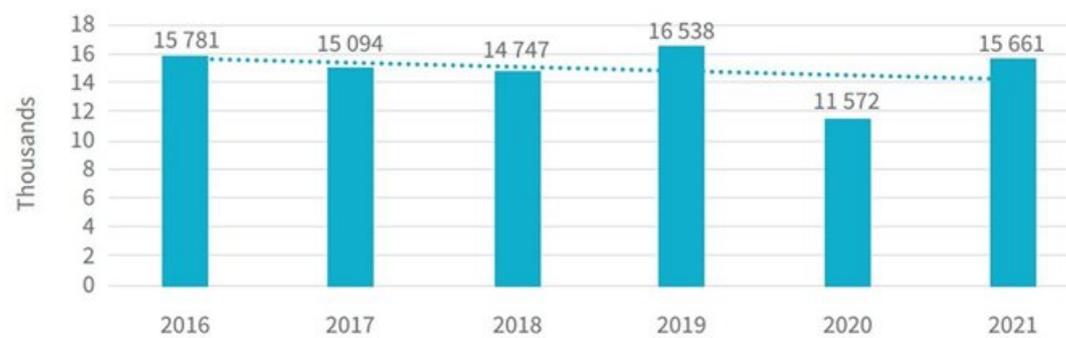
Number of transactions in Cape Town



Number of Freehold transactions in Cape Town



Number of Sectional Scheme transactions in Cape Town



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