

First time home buyers remain key driver in current market

South African bond originator, ooba has released their monthly 'oobarometer' that details the trends and average bond statistics for the month of May.



This month, the stats show that the trend of positive growth in the property market continues and in particular, continued activity from first time home buyers.

The average purchase price recorded by ooba in May was R947,086, which reflects a growth of 3.7% year-on-year and is unchanged month-on-month. The first time buyer's purchase price showed a very healthy year-on-year increase of 8.6%, with 51.3% of ooba's bond applications in May coming from first-time buyers, indicating that this buyer segment remains a key driver of the current market.

The average approved bond size, at R818,955, showed a year-on-year growth of 8% and a month-on-month growth of 1.9%. This increase in average bond size was driven by a sharp decrease in the average deposit - being R128,131 - which is 13.5% of the average purchase price, down 20.6% year-on-year and 10.6% month-on-month.

"The reduction in the average deposit requirement is a positive sign of lender confidence in the market," says CEO Rhys Dyer.

He says, "Ooba's approval rate in May remained high at 72.1%, indicating that ooba continues to secure approval for more than seven out of ten home loans that it processes. With average approval rates from banks only slightly above 50%, the importance of ensuring that you approach multiple lenders to ensure you access the best terms for credit are very apparent."