

Repeat buyers point to real estate market resilience, says BetterBond

According to statistics from BetterBond, the majority of current homebuyers (52%) are repeat buyers who are giving real estate a vote of confidence by re-investing the proceeds of their own sales.



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So says CEO Shaun Rademeyer, who notes that the company's application approval ratio has also risen over the past 12 months from 73% to almost 78%, which indicates a rising percentage of serious buyers with their finances and credit records in good order and sizeable deposits.

In addition, the BetterBond statistics show a 4% year-on-year increase in the household income of the average repeat buyer at end-September to R56,000, and a 5% year-on-year increase in the household income of the average first-time buyer to R37,000.

This accords with the BankservAfrica Salaries Index, which shows that real (after inflation) salaries in SA increased by 1,1% in August – which was the sixth consecutive month of growth.

Increase in loans granted

The underlying strength in the market is further evidenced, Rademeyer says, by the fact that the percentage of loans formally granted has risen over the past year from 59,2% to 61,4% of applications, with both repeat and first-time buyers displaying an increased determination to proceed with their purchases in spite of SA's current socio-economic problems.

“However, while the average approved bond size showed a year-on-year increase of 5,2% at end-September to R886,000, the average home price paid increased by just 2,8% to R1,1m. Similarly in the first-time buyer sector, the average approved bond size increased by 4,7% to R680,000, while the average home price paid increased by only 3,9%.

“This suggests that there is still strong downward pressure on prices, and that is confirmed by an analysis of the number of home loans being granted in each price category.”

The statistics show that in the past 12 months, the number of loans granted for more than R1,5m increased by just one percentage point to 21,4%, while the majority of loans continued to be granted in the R500,000 to R1m purchase price range (39,5%) and the R1m to R1,5m range (17,5%).

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