

Impact of fuel cost on housing demand, house price

Escalating fuel costs, coupled with rising traffic congestion, is playing an increasing role in where consumers will buy or rent a home in SA. Ultimately, this also impacts on housing demand and price.



Image source: www.pixabay.com

“The ongoing increase in the fuel price is contributing to the way we live and work,” says Dr Andrew Golding, chief executive of the Pam Golding Property group. “It’s also changing the way companies think in regard to office layouts and the time employees spend in the office, with many adopting far more flexible working hours including work-from-home scenarios for both entrepreneurs and staff, and co-work spaces which eliminate seldom-used space.

Three distinct trends

“All of this has a direct bearing not only on the built environment but also on where people can and choose to live, and there are three distinct trends which are apparent. Firstly, the advent and growing demand for ‘live, work, play’ hubs in various centres around the country, where people can walk to work and enjoy access to all amenities and leisure activities right on their doorstep. This is also an environment which buzzes with activity way beyond the ‘traditional’ 8 to 5 working hours, which is why the mixed-use development business model is proving so successful in prime commercial nodes or hubs.

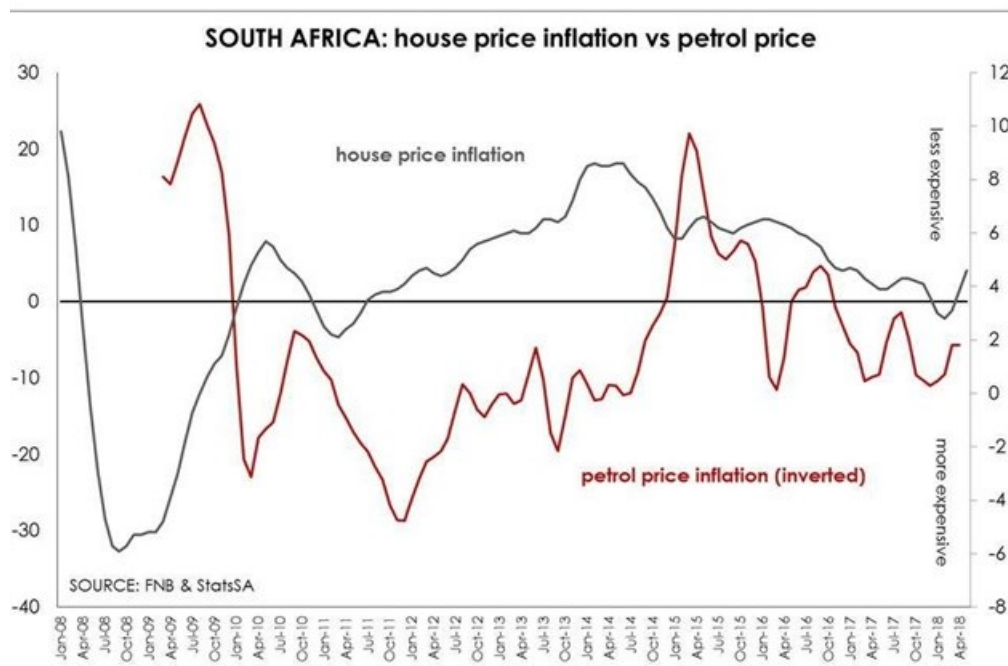
“Secondly, the rising popularity of properties on key transport corridors for easy commutes via rail, road and air, including those who live within easy reach of airports for business travel as and when required. And then there is a third group of people who are opting out of the frenetic pace of city life to country environments where they can enjoy a slower paced lifestyle either in retirement or while still generating income.”

Dr Golding says at the same time, the advent of electric cars will surely impact on property buying trends once these vehicles become more affordable and electric charging stations become readily available. In South Africa, there are three fully electric vehicles on sale in the market – BMW’s i3 and i8 and the Nissan Leaf, while various manufacturers have several battery-hybrid vehicles available locally, including Volvo and Mercedes Benz.

Fuel price impacts on house prices

Says Sandra Gordon, Pam Golding Properties senior research analyst: “Rising fuel prices also have an impact on house

price appreciation. According to FNB and Statistics SA, during the period 2011 to 2014 a declining petrol price and rebounding economy coincided with rising house prices. Conversely, from 2015 to 2017, as petrol became more expensive and household finances came under pressure, growth in house prices slowed.”



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