

5 residential property trends that no one saw coming

Experts have already predicted the top property trends of 2024, ranging from the impact of looming interest-rate cuts to co-buying, solar-power financing, sectional-title demand and the resurgence of first-time homebuyers.



Source: Supplied. Rhys Dyer, chief executive officer of ooba Group.

However, several emerging (and sometimes overlooked) trends are set to come into play, creating notable shifts in the landscape.

"The top five trends for 2024 have been touched on time and time again, but our data has also pinpointed overlooked shifts in trends that will have an impact on the market throughout this year," comments Rhys Dyer, chief executive officer of ooba Group.

Dyer breaks these down as follows:

1. Average house prices begin to rise – albeit slowly

Following an all-time high in 2020 and 2021 when interest rates dropped to a historical low of 7% and nominal property-price growth increased to 9.37%, the average house price in South Africa has begun to flatline over the past two years, coinciding with interest-rate increases since the pandemic.

However, the market has started to turn. Pointing to the latest data from ooba Home Loans, Dyer notes that January 2024 saw record-high purchase prices recorded across both first- and second-time homebuying segments.

"The overall purchase price paid rose to an all-time high of R1.49m in January 2024 (+7.6% above year-earlier levels), while the average price paid by first-time buyers rose by a more modest +4.1% year-on-year, reaching a new high of R1.18m."

Perhaps the most confident statistic to come out of this would have to be the Western Cape where the average purchase price breached a whopping R2m for the first time. "This is followed by the Eastern Cape, recording an average purchase price of R1.57m (up by 13% year-on-year)."

Further strengthening this argument, Dyer states that the recorded activity among estate agencies has strengthened, albeit modestly.

"While the total number of sales last year was lower than the sales recorded in 2022, sales activity in the final quarter of 2023 was stronger (+0.9%) than in the previous quarter and just 0.4% below year-earlier levels (the smallest annual decline in two and a half years)."

2. Demand for holiday homes soars in the Eastern Cape

The Eastern Cape overtook the Western Cape in 2020 as the region with the highest volume of applications for holiday-home purchases, a title that the province has retained in the years since.

"We attribute this to the recent trend of an increased number of foreign buyers purchasing second homes in the Western Cape, particularly along the Atlantic Seaboard and Garden Route," comments Dyer.



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"This has resulted in higher prices and reduced stock in these areas, leading locals with some extra money and a desire for a coastal home to look elsewhere."

ooba Home Loans data indicates that these buyers have turned to the Eastern Cape, which offers a similar climate and natural beauty at a more affordable price point. Holiday-home applications in the region now stand at 1.7%, the highest level in recent years.

3. Free State emerges as a haven for first-time buyers

The Free State is the only region in South Africa where the average purchase price paid by first-time homebuyers is below R1m, according to ooba Home Loans' latest data.

In response, young buyers are taking advantage of the deals on offer in this region, with first-time homebuyers accounting for 62.9% of all home-loan applications in the Free State in January 2024, the highest percentage of any region.

"First-time buyers are extremely price conscious, and this is evidenced by the comparatively lower volume of first-time homebuyer applications in the Western Cape (35.8%) where the average purchase price is the highest in the country, both for first-time (R1.58m) and repeat (R2.01m) buyers."

4. Limpopo: A strong contender

While the Western Cape continues to record the average highest first-time buyer price in the country, significant year-on-year increases in the average first-time homebuyer purchase price in Limpopo and Mpumalanga saw these two regions register the second and third highest average purchase prices in January 2024.



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"Limpopo's property price performance is so strong that in the last two months, the average first-time homebuyer purchase price in Limpopo exceeded the average purchase price overall in the region, at R1.39m and R1.36m respectively," says Dyer.

5. Buy-to-let properties continue to climb

Growing demand for investment properties continues despite the subdued investor sentiment that has plagued South Africa in recent years.

"One of the key drivers of the boom is undoubtedly the Western Cape, and I would go as far as to predict that in 2024 in excess of 30% of our home-loan applications from this region will be from investors."

However, Dyer adds that there are signs of increased investment demand elsewhere such as the Eastern Cape and Free State.

"This could be attributed to a young, growing population taking advantage of low house prices and student housing presenting a good investment opportunity.

"With all of this considered, we expect 2024 to be a positive and exciting year for the residential property sector," he concludes.

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