

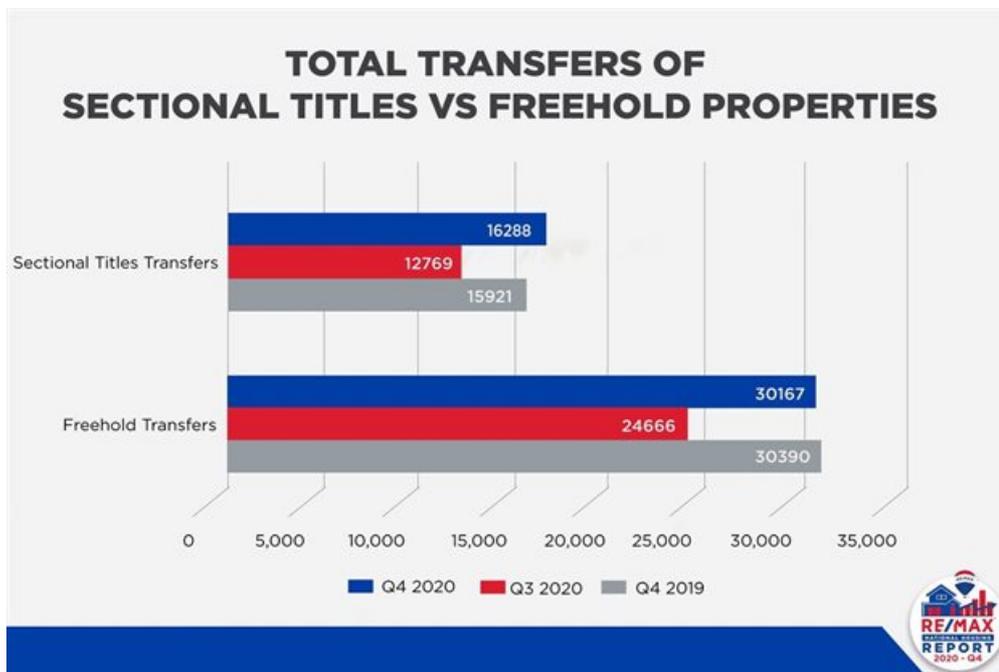
# Re/Max Q4 2020 report reveals property market recovery to pre-pandemic levels

According to the *Re/Max National Housing Report Q4 2020*, South Africa's real estate market has shown a remarkable recovery following the hard lockdown and the Deeds Office closure that occurred in the second quarter of 2020. Data from Q4 2020 reflects nearly the same levels of activity in the housing market as it had pre-pandemic.

According to Lightstone Property data, a total of 44,885 bond registrations were recorded at the Deeds Office over the period of October to December 2020. The Re/Max report reveals that this figure is less than 80 registrations shy from the number of bonds that were registered in Q4 2019 and is a considerable correction on the mere 5,792 bond registrations that occurred during the hard lockdown in Q2 2020.

Beyond this, the number of transfers (both bonded and unbonded) recorded at the Deeds Office between October to December amounted to 61,749\*. This amount is just 2% lower than the number of transfers recorded in Q4 2019 and is a massive improvement on Q2's dismal 3,869 transfers. Compared to Q3 2020, the figure grew by 28%.

Of the 61,749 transfers, a total of 30,167\* freehold properties and 16,288\* sectional title units were sold countrywide (these figures exclude estates, farms, and land only transfers). The number of freehold properties registered decreased by a mere 1% YoY, increasing by 22% QoQ and showing a near full recovery from the 3,869 that were recorded in Q2 2020. Sectional titles showed an even faster recovery from the 1,105 registered sales in Q2 2020. The figure increased by 2% YoY and 28% QoQ.



## Slowed house prices recovery

According to Lightstone Property data, Q4's national median price of sectional titles is R991,006 and the national median price of freehold homes is R1,187,964.

The Re/Max National Housing Report then reveals that, for the fourth consecutive quarter, the price of sectional titles\* have dropped YoY. While Q4 is still slowly recovering from the R953,084 that was reported in Q2 2020 and has shown an increase of 2% when compared to Q3 2020, the figures reflect a 3% drop when compared to Q4 2019.

Freehold properties, however, continue to grow in value. Q4 2020's national median price has grown by 5% when compared to Q4 2019 and by 6% when compared to Q3 2020.

Lightstone Property data reveals that the average bond amount granted during this period amounted to R1,203,000. The Re/Max National Housing Report reflects that this is an increase of 8% since last quarter and of 8% since Q4 2019.



## Shifts in market segment performance

Historically, sales below R400,000 accounted for the largest portion of all transfers. However, this quarter reflected an interesting change: sales priced between R800,000 and R1.5m now account for the largest portion at 28%\* of all transfers occurring in Q4 2020.

Coming in behind this figure were transactions between R400,000-R800,000 which make up 24.5%\* of the total transfers. This is followed by sales priced below R400,000 which now account for just 22.9%\* of all transfers in Q4.

Sales between R1.5m to R3m accounted for 19%\* and those priced above R3m account for 5.6%\* of the total transfers this quarter.

When reviewing each market segment in isolation, the number of transfers between R1.5m to R3m has grown the most by 33% on the figures from Q4 2019. This is followed by the number of transfers that occurred above the R3m price point, growing by 15% YoY; transfers between R800,000 - R1.5m grew by 14% YoY.

Showing a decrease in the number of transfers when compared to Q4 2019, sales below R400,000 dropped by 31% YoY and those between R400,000-R800,000 shrunk by 7% YoY.



“In general, the increase in sales after lockdown in the metropolitan areas largely occurred within the middle- to lower-income markets: areas where people who rented before could now afford to buy. This in part explains why the R800,000 - R1.5m market made up the largest proportion of transfers. Across the country there has also been an upsurge in the number of enquiries made by those who are searching to relocate to the coast now that they are able to work remotely, which could possibly explain why there was an increase in the number of transfers that occurred over the R1.5m price point,” explains regional director and CEO of Re/Max of Southern Africa Adrian Goslett.

## Market performance per province

The top five searched suburbs nationally on remax.co.za during Q4 2020 were Musgrave, KZN with 2,893 searches; Morningside, Gauteng with 2,701 searches; Essenwood, KZN with 2,383 searches; Parklands, Western Cape with 2,088 searches; and lastly Brackenhurst, Gauteng with 1,931 searches.

According to Private Property data, the median asking price for the North West saw the highest QoQ and YoY growth and amounted to R1.4m. The only province to reflect a decline was Gauteng at a median asking price of R1,372,689. Despite remaining without growth QoQ and YoY, the Western Cape’s median asking price remains the highest at R2,499,000.

	Q4 2020	% QoQ Change	% YoY Change
<b>Western Cape</b>	2 499 000	0%	0%
<b>KZN</b>	1 750 000	3%	6%
<b>Northern Cape</b>	1 600 000	3%	2%
<b>Eastern Cape</b>	1 500 000	0%	5%
<b>North West</b>	1 400 000	21%	20%
<b>Mpumalanga</b>	1 380 000	1%	6%
<b>Limpopo</b>	1 380 000	6%	6%
<b>Gauteng</b>	1 372 689	-1%	-2%
<b>Free State</b>	1 280 000	2%	11%

## Final thoughts

“Despite the renewed activity and unprecedented recovery the South African property market has enjoyed in 2020, I predict that house price appreciation will remain low for 2021 as a result of the financial pressure many households will feel owing to ongoing economic challenges brought about by the pandemic. That being said, the 2021 market presents as many opportunities as it does challenges. Those who can afford to invest in real estate now will stand to make substantial long-term returns on their investment,” Goslett concludes.

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