

# 2021 is the ultimate property investment year - here's why

By [Craig Mott](#)

21 Jan 2021

If you've been holding out for the perfect time to leap into the property market, you're not going to be disappointed this year. With a triple-whammy of rock-bottom interest rates, subdued property prices, and plenty of stock available, the year ahead is quickly shaping up to be the best property investment climate in fifty years.



Craig Mott, Cape Town regional sales manager for the Rawson Property Group

But that's not all! Here's why 2021 is the perfect year to make your property dreams a reality.

## Easy leverage

Leverage – or the ability to do more with less – is one of the biggest advantages of property as an investment. No other investment class allows you to easily leverage other people's money (i.e., bank finance) to buy an asset, and still reap the full rewards of appreciation on its total value.

Now, in the wake of Covid-19 and an extended period of low property market activity, lenders are practically competing to give qualified buyers their money.

Lenders are definitely more motivated than they've been in a long time, to the point that they're offering up to 104% loans in certain cases. Buyers still need to demonstrate financial responsibility and sufficient, stable income, but we expect lenders to be very cooperative in the new year.

You can find out exactly how much finance you qualify for (and what interest rate) by applying for a prequalification certificate. This also puts you in a

strong position to negotiate during a sale, and makes you an attractive choice for sellers trying to choose between competing offers.



Top residential property trends projected for 2021

20 Jan 2021



## Great interest rates

The finance deals that lenders will be offering in 2021 will likely include amazingly low interest rates.

The combination of the recently slashed repo rate and lenders' eagerness to sign new bondholders means a lot of applicants are going to be getting below-prime interest rates on their bonds. To coax the very best offers out of lenders, however, buyers should still plan for a deposit, even if they qualify for a full-coverage bond.

Banks seldom give their best interest rates to buyers taking 100% or more loans. Buyers putting down a deposit are a much lower risk, so those are the ones lenders really pull out all the stops for.

The prime interest rate is currently at a 50-year low! That means massive savings on finance costs in 2021, and a more profitable investment outcome in the long term.



## Where is the housing market headed in 2021?

Dr Andrew Golding 19 Jan 2021



---

### Low risk

With a consistent growth record over the last 50 years, property is one of the most secure and stable investments available in today's economic climate. Property tends to retain its value very well, even when other investment types are crashing. That makes it an excellent, low-risk choice during periods of economic volatility like we have now.

### Excellent growth prospects

Buying property in 2021 isn't just the safe choice, however. It could also be a very profitable one.

If you're looking at short-term earnings, property isn't the way to go, but if you follow the investment strategies of experts like Warren Buffet, property investment becomes a whole different ball game. Taken over the long term – 10 or 20 years, for example – returns on property investments can be exponential.

Since the property market is currently at the bottom of a long, downward cycle, making a purchase in 2021 almost guarantees buyers the excellent growth that comes with the next upswing.

The clock is running out for those wanting to get into the market before it picks up momentum. I certainly wouldn't delay any longer than necessary in the new year.

### ABOUT THE AUTHOR

Craig Mott, Cape Town regional sales manager for the Rawson Property Group

For more, visit: <https://www.bizcommunity.com>