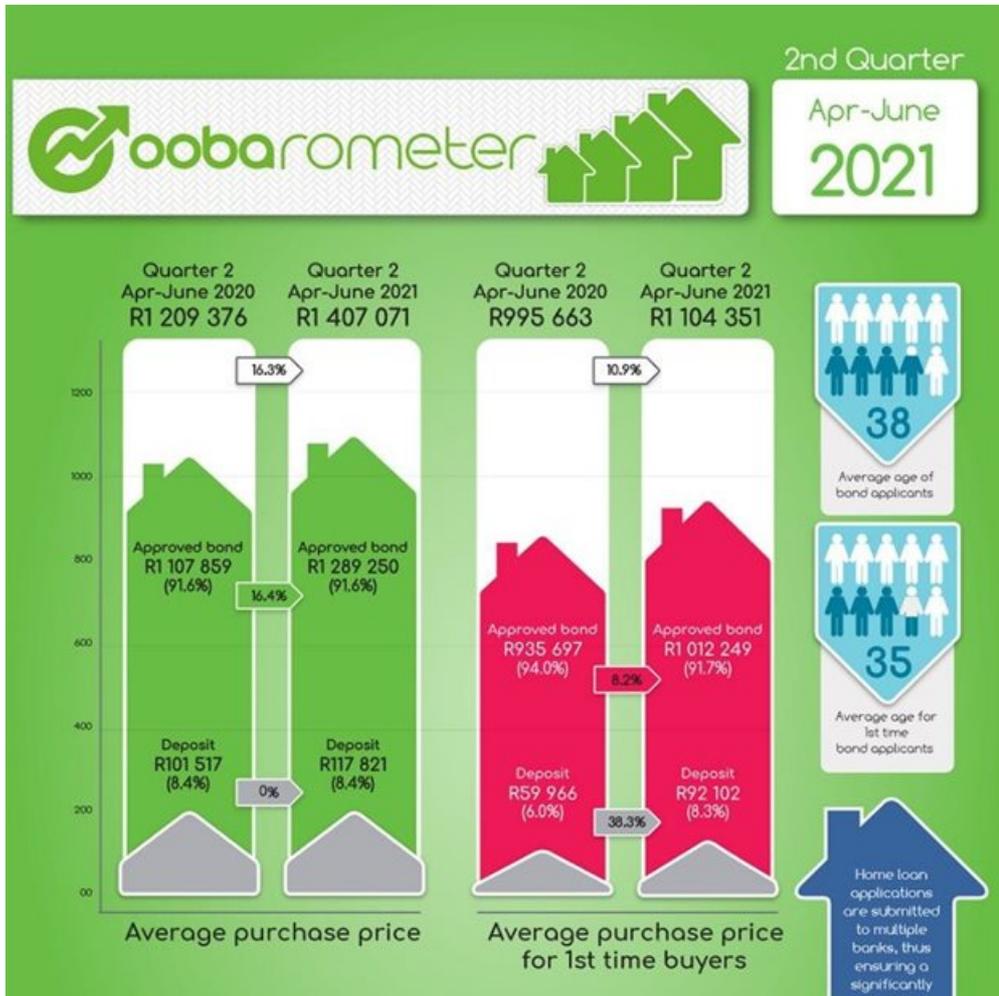


# Oobarometer statistics reveal buyers purchasing pandemic-influenced homes

According to the results from the Q2 Oobarometer report, the Covid-19 pandemic has influenced home buyers to purchase real estate that suits their new-found needs, at a higher average price. This trend, says Ooba, has been enabled by the current affordable cost of borrowing.



Oobarometer Q2 2021

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Recent home buying trends prioritise quality of life as well as working from home. Properties that offer flexible accommodation that allow for separate workspaces and additional space for families spending more time at home are in demand. With home loan repayments on a R1m home loan down 24% as a result of the 300bps drop in interest rates, buyers are taking the opportunity to “buy up”.

This is evidenced by double-digit growth in the average purchase price of 16.3% year-on-year for the second quarter of 2021 compared to Q2 2020. The average purchase price is at a high of R1,407,071. The average purchase price of first-time buyers showed a 10.9% increase for the same period reaching an average price of R1,104,351.

## Residential property market continues to surprise

Rhys Dyer, CEO of Ooba, says: “Despite varying stages of lockdown that continue to wreak havoc on many sectors of the economy, the residential property market continues to surprise with double-digit growth in prices of new home sales. We believe this upward growth trajectory will continue as the work-from-home trend becomes entrenched, with many

businesses realising the financial benefits of allowing their employees to remain working remotely.

“Continued competition amongst the major banks for a bigger share in the home loans market has translated into higher approval rates as well as more attractive interest rates below prime.

“The appetite of the major banks to offer low or no-deposit loans at high loan-to-value ratios and reduced repayment instalments has created an ideal buying environment, particularly for first-time homebuyers.”



Re/Max Q2 2021 report suggests a return to normal market activity

14 Jul 2021



## 100% bonds are very sought after

Of the home loan applications submitted to Ooba this quarter, it is evident that 100% bonds are very sought after amongst first-time homebuyers. Currently, 60% of first-time homebuyers acquire property without access to a deposit. Bank approval rates on 100% bonds for first-time homebuyers remain strong. Just over 80% of Ooba’s first-time buyers seeking a zero-deposit home loan successfully secured bank approval in Q2 2021.

Dyer says: “There was not much difference in the volume of mortgage applications received by Ooba in the second quarter when compared to the first quarter of 2021. However, Ooba saw an increase of 12% quarter-on-quarter in finally approved bonds primarily due to the increase in bank approval rates coupled with an increase in the average bond size.”

The Oobarometer statistics also show that first-time buyer activity peaked in Q3 2020 at 54% of all home loan applications received by Ooba. In Q2 2021, first-time buyer applications dropped to 48%, indicating that existing home owners are also taking advantage of the low cost of borrowing to upgrade to bigger, more secure or more flexible work-from-home residential properties.

## Buy-to-let purchases low

94% of homebuyers applying for home loan finance through Ooba in Q2 2021 purchased homes for their own occupation. “Despite ideal lending conditions, buyers are not being lured into purchasing properties as buy-to-let investments or as holiday homes. This may be due to the ongoing economic and political uncertainty, the higher rental vacancies as well as lingering concerns around land ownership reforms,” adds Dyer.

According to Ooba, it achieved an average interest rate 0.14% below prime in Q2 2021 for its successful home loan applicants, 28 basis points cheaper than Q2 2020’s prime plus 0.14%.

“During the second quarter of 2021, Ooba successfully obtained home loan finance for 82% of its applicants, compared to the single bank approval rate of only 63%. Our research also shows that homebuyers who only obtain a single quotation for finance would on average repay their home loan at an interest rate that is 1% higher than if they had used a home loan comparison service to obtain multiple quotes,” concludes Dyer.

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