

Covid-19 unlikely to derail residential property market in long term

By [Carl Coetzee](#)

23 Mar 2020

The question around the Covid-19 pandemic's impact on the property market is an important one, as the real estate market is keenly affected by the overall health of the economy, consumer confidence, and levels of employment in particular, which means that major disruptions in other sectors will have at least some impact on the property market.



© Andriy Popov – [123RF.com](#)

Having said that, property tends to be a far more resilient investment type than most. In recent days we've seen equities being significantly affected, while property has remained fairly stable.

Earlier this month CNBC reported that residential real estate in the US appeared to offer investors the calm they were looking for in the coronavirus storm. Traditionally, property is far less volatile than the stock market and has a high tangible asset value. Irrespective of the impact the virus has on society, people will still need accommodation, which offers a measure of security in terms of a property investment holding ground in times of turmoil. What's more, property is an asset class with supreme resilience and a unique ability to "bounce back" as market conditions improve.



Covid-19: Housing activists call for halt to evictions

Zoë Postman 23 Mar 2020



Buyer's market

The prevailing market conditions too – the so-called buyer's market – are further reasons to not shy away from property investments in the time of Covid-19. A buyer's market – a situation where the supply of property exceeds the demand for property – bodes well for those looking to purchase property since prices are generally lower in this type of market. Add to that the fact that banks are open to offering 100% home loans to qualifying individuals; that the threshold on transfer duty was raised to R1m recently, meaning that transfer duty costs are lower for buyers; and that interest rates were dropped last

week, it is a good time for investors to remain at least slightly positive about the immediate future of property.



Big banks reassure SMEs in Covid-19 crisis

23 Mar 2020



Our advice is to ensure that you buy at the right price, that your affordability is in order and that you don't extend yourself too much when acquiring a new property. Putting down a deposit is always a good idea and might mean that you can get a better interest rate on your bond.

At this stage we must caution against panic, and while we need to take the necessary measures in order to protect ourselves and our families, we also need to think as rationally as possible about property, and about investments in general.

ABOUT THE AUTHOR

Carl Coetzee, CEO, BetterBond

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