

PREDICTIONS FOR THE 2019 PROPERTY MARKET



Last year was a tumultuous one, from newly instated presidents to economic recessions, ever-rising fuel costs, interesting IT revelations from SARS and a few more Finance Ministers. As we enter the new year, the question for real estate investors as well as everyday citizens now becomes: *What awaits us in 2019?*

“Not surprisingly, a lot will hinge around the outcome of the 2019 elections,” says Regional Director and CEO of RE/MAX of Southern Africa,

Adrian Goslett. “Leading up to the elections, I predict that house price growth will be slow, somewhere in low single digit numbers, as people await to hear the results before making significant long-term investment commitments. Properties are likely, therefore, to stay on the market somewhat longer during the marketing process for the first and second quarters of 2018, especially those properties in the high-end and luxury market.”

“Moreover, I predict that there will be continued move to smaller, more manageable properties – such as sectional titles and estate-style living, lock-up and go type of homes, for example – as consumers continue to feel the pinch of rising inflation and cost of living. Subsequently, I also predict that there will be fewer cash sales and more bonded transactions as the increased cost of living will necessitate higher loan-to-value amounts on property transactions. Considering that the MPC has alluded to the possibility of a series of small interest rate increases throughout the year to counter inflation, it is therefore likely that the market will continue to favour buyers in 2019 as those who are unable to afford the higher instalments on their home loans decide to put their properties on the market,” Goslett adds.

“Consequently, 2019 will likely present the best opportunities to buy if you get in during the first half of the year. I anticipate reinvestment (both local and foreign) in the country post-election if the fight against corruption continues and tough decisions are made, which I do believe will happen. Greater stability should lead to consumer confidence and with that a more buoyant real estate market. I therefore predict that the market will turn a positive corner post-election, so if you wait too late to purchase, you may miss the upside,” Goslett advises.

“In order to bolster economic growth in general in 2019, I would recommend that government should come up with creative ways to encourage all first-time buyers, regardless of income classification, to enter the market by means of tax rebates, for example. Rising house prices (which results from an active property market filled with eligible buyers) encourages consumer spending which leads to higher economic growth. As a by-product of encouraging more South Africans into home ownership, a stimulus or rebate policy of this sort could also result in the growth of all kinds of economies and industries that ‘live off’ the home, such as landscaping, pool services, telecommunication, building contractors, electricians, plumbing and the likes,” Goslett explains.

“I would also strongly encourage government to re-examine their policies around entrepreneurship and do whatever they can to assist new business owners to get to the point where they can grow their own businesses and hire their own employees by removing some of the costly red tape involved in starting up a new company. Doing so will inevitably bolster the economy, lower unemployment levels, and restore investor confidence in our nation,” Goslett recommends.