

Residential property trends

 By [Herschel Jawitz](#)

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The following developments are the main issues that will be affecting the residential property market in South Africa in 2019.

Consumer confidence



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Consumer confidence holds the key to any possible turnaround in the residential market in 2019. While consumer confidence remains in positive territory, it has not yet translated into an increase in the demand for property buyers. This buyer caution will be compounded by pressures on disposable income and the perceived uncertainty as the country heads towards the 2019 election. The result is an oversupply of residential property across almost all price sectors in the re-sale and new build/off-plan market. The key buying criteria remains value, which is the combination of price, size, position and condition of the property.

Property prices

Property price growth across all the major metro regions will remain subdued in the first half of 2019 with property prices declining in real terms after taking into account inflation. Nominal price growth is expected to be between 4% to 6%. The Western Cape may continue to be one of the few provinces where real property price growth remains positive in 2019, but only just.

The performance of the residential market in the second half of 2019 will depend on the outcome of the elections, the direction of interest rates and signs that the economy is recovering. If these factors start to point in the right direction, buyer demand will start to improve and property prices may start to firm up, albeit, off a low base.

Even with an improvement in demand, homes on the market are expected to take an average of three-and-a-half months to sell with this extending to six months and more at the top end of the market.

The 2019 residential market will continue to offer buyers the best value in terms of property prices and buying opportunities since the 2008/9 market crash.

Access to finance

The ability to access mortgage bonds will remain favourable in 2019 as the major retail banks look to grow their mortgage books in a low volume market. Approval rates, rate concessions to buyers and loan-to-value criteria (deposit requirements from the banks) will remain in the buyer's favour as the banks compete for business.

The rental market

Similar to the sale market, the rental market and rental prices will remain subdued. In addition to factors like pressures on disposable income, there is a significant oversupply of rental stock on the market, especially in the sectional title market due to a large number of new high-rise apartment blocks that have been completed in the last 12 months. Rental escalations will barely keep up with inflation in 2019 until the imbalance between supply and demand improves.

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