

Little change in the Gauteng property market in 2019

 By [Chris Renecke](#)

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In order for the South African property market to show any kind of improvement and growth in 2019, it requires policy certainty, especially around the land issue, as well as investment and an economic boost. Therefore, there is not much expectation of a major recovery in any market sector for the year ahead. We are, however, cautiously optimistic that there may be some slight improvement as the year progresses. Overall, however, during the next 12 months, the South African property market is expected to perform much as it has during 2018.

New residential developments



Chris Renecke, MD, Renprop

For new residential developments this means a continued slowdown on enquiries, particularly in the middle and upper end of the market in areas like Rosebank, Sandton and surrounds and Bryanston, as many buyers and investors in this segment are adopting a wait-and-see approach.

While the lower end of the market performed slightly better than its middle and upper counterparts in 2018, public sector cuts expected in 2019 will have a strong influence on the level of investment in this segment.

The most active price bands during 2018 for new development sales have been between R500,000 and R1.2m, a trend expected to continue into 2019.

Residential rentals

Residential rentals have performed relatively well, and this sector of the residential property market is expected to continue growing during 2019 amid continued economic pressure and tightening household budgets.

The fact that we are seeing an increased level of delinquent applications is a good indication of the tough economic times and points to the continued squeeze on household income. This has led to monthly rentals coming under pressure with tenants becoming more and more price sensitive.

The lower end of the market, where monthly rentals are pitched at around R5,000, has seen the highest level of demand - a trend expected to continue into 2019.

Residential re-sales

The second-hand residential market has seen average trading conditions during 2018 with more movement than other residential categories. This is attributed to the fact that sellers are able to be more negotiable on their price and accept lower offers. The upper end of the market continues to be slow, with more movement seen in the middle and lower priced properties. No major changes are expected in this market sector in the foreseeable future.

Residential rentals and properties for sale in or near to the business hubs such as Bryanston, Rosebank and Sandton and surrounds will continue to be popular options as the trend of people wanting to live closer to their place of work and major public transport facilities like the Gautrain continues.

Commercial

The commercial sector of the market has experienced tough trading conditions over the past 12 months, especially in office space, although there has been some movement. Sales have mainly been to end-users as opposed to investors and have predominantly taken place in the R3m to R50m price brackets. Slow, if any, recovery, growth or change is expected in the commercial space in the year ahead.

Across all market segments, both end-user buyers and investors are skittish with many adopting a wait-and-see attitude. While many economists and analysts tell us that the worst is over, this may well not be the case. We expect the property market to remain under pressure in 2019, although we do hold out some hope for a slight improvement.

ABOUT CHRIS RENECLÉ

Chris Reneclé, MD of Renprop, completed his B.Comm Hon (Wits and Unisa) in 1990 and undertook his articles at Ernst & Young. In 1992 he joined Renprop as the financial director, and in 1993 was appointed managing director. Over the past 23 years, under his leadership, the company has transformed from being a traditional real estate agency to one of the largest providers of residential property in South Africa.

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