Flat outlook for property, but a great time to buy

By Samuel Seeff

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Like everyone else, we had hoped that the technical recession would be staved off so that we can get to the next growth phase, but these, along with the many factors which influence the economy, are beyond our control.

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The challenges are deeper than anticipated on top of recent global and emerging market pressures. The lingering issue of property expropriation has been an added challenge, and in this regard, the group welcomes the clarity provided by President Ramaphosa in parliament and in meetings with the UK prime minister and Chinese president, along with high level meetings with agricultural bodies and stakeholders.

Still safe to invest in property

It is important for consumers, sellers and buyers to filter out the noise and misinformation and focus on facts, including that nobody is coming to take your house. It is still safe to invest in property. The president has been clear that there will be no wide-scale expropriation or nationalisation, property rights will be protected, and illegal land grabs will not be tolerated.

While the property market is in a downward trend, it is by no means the worst market that I've seen in over 30-plus years in property, and it is nowhere near the lows of the 2008 global financial crisis. In 2009, the Seeff Property Group for example experienced a decline in sales of 25% year-on-year. This year, we are only down by 5% year-on-year. Perhaps we just tend to measure the market against the boom-phase performance rather than the average performance.

Sentiment and interest rate

All economies and markets go through phases and what we are seeing now is all still part of the fall-out of the Zuma administration and poor economic and political decisions. SA, the economy and property market have always had to deal with challenges, from the political instability of the 1980s to early 1990s, high inflation and interest rates of up to 16%-25% at times. The two main factors which drive the market is sentiment and the interest rate, which, at 10% is still at some of the best levels in three decades. The banks are also still lending and home loans granted is in fact up year-on-year. The flat price growth also favours buyers.

What is important is that buyers and sellers adjust to the new market realities. Deeds office data shows that thousands of property transactions are concluded monthly. That said, there is no doubt that the buyers' market is here to stay for the rest of this year and perhaps well into next year. This, however, by no means signals that there are no opportunities for sellers, far from it. There is a market for well-priced properties and sellers need to guard against holding out for unrealistic prices, because it will take time for the market to take an upturn.

History has shown that SA property prices have generally tended to outperform economic growth, and there are many stories of buyers who will tell you, if only they had bought during a particular time. It is always by looking back that you realise you should have bought, or you should have sold. It is still safe to invest in bricks and mortar and with such a beautiful country, a lifestyle without compare and still very affordable living by international standards, there is no reason to wait, it is time to buy and invest in SA property.

ABOUT SAMUEL SEEFF

Samuel Seeff is chairman of the Seeff Group.

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