

Repo rate decision appropriate for economy, property market

 By [Samuel Seeff](#)

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The decision of the Monetary Policy Committee of the South African Reserve Bank to retain the repo rate at 7% (base home loan rate at 10.5%) for the second successive meeting, is the right decision for the economy and property market.

While the latest inflation data showed a slight upward trend (up from 6.1% in May to 6.25%), there is no compelling case for a further rate hike right now.

An upward rate adjustment would add to the already negative economic sentiment and will most certainly serve as a dampener on the economy and property market. Consumers are already burdened with rising prices and we are not seeing any overspending, so there is no real reason for a rate hike.

Stability and a positive outlook is what is now needed for the economy and country.

Western Cape still benefiting from semigration

While the property market remains on a fairly even keel compared to last year, the energy has been taken out of the market. Save for the Western Cape that is still benefiting from semigration, most other areas, are now beginning to see a slow-down in activity and price growth.

Mortgage originator, Ooba, has also reported a slow-down in bond applications although the banks are still keen to lend to qualifying buyers.

While there is still enough activity to keep the market ticking over, there is very little steam and, outside of the Western Cape, we anticipate a flat market for the rest of the year.

That is not to say that the market is dead. No, far from it. There are still plenty of buyers and, while well-priced properties are still attracting good interest, sellers need to be mindful of the market forces and slower price growth.

The winter months have been a bit slower than what we had hoped for, but we now start looking forward to the approaching summer months and traditionally busier periods for the market.

ABOUT SAMUEL SEEFF

Samuel Seeff is chairman of the Seeff Group.

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