

# Property trends - it's not all doom and gloom



By [Herbert Seabelo Theledi](#)

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We're still well within the Covid-19 pandemic and, while we're seeing an increase in vaccine uptake, as a country, we're still struggling to get to a place where we can get our economy back to where it was before the pandemic. While predictions anticipate South Africa's post-Covid recovery to be in the last quarter of 2022, it's not all doom and gloom.



Seabelo (Herbert) Theledi, founder and managing director, Nthwese Developments

According to Stats SA, the South African economy recently saw an increase of 1.2% during the second quarter of 2021. This is a 19.3% increase from last year when the economy was hit by a hard lockdown. While the economy is still 1.4% smaller than it was before the pandemic, it is a bigger increase than expected.

As we look closely at the property market, we remember how it was hit quite extensively by the pandemic. However, a closer look shows that the property market is expected to show more growth despite the pandemic. Here are some trends that we expect to see during the last few months of the year:

## Township and rural development

The recent looting in Gauteng and KwaZulu-Natal affected township and rural development, almost erasing decades of growth and development. What lies ahead now is rebuilding, which has already commenced. Shopping centres were no doubt at the forefront of this destruction, which has affected employment figures in South Africa and, fortunately, Nthwese Development was not affected by the civil unrest. We still see a demand in rural and township investment as an alternative opportunity for the retail market and will

be launching another development, Setsing Mall, to be situated in Qwa Qwa in the Free State. Township and rural economies must be a key focus in contributing to job creation and creating further economic growth.



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## The rental housing market

The rental market has been in crisis since the start of the Covid-19 pandemic and, right now, it is at levels that it has not reached since the 2008 recession. Vacant apartments and tenants in arrears are quite high. While there are plenty of tenants requiring rental units, very few can afford them. And with the difficulty of finding quality tenants, we can expect more vacancies for the rest of the year.

## Residential bonds

We've been in a buyers' market since the second half of 2020, with the interest rate at an all-time low. This has allowed many to purchase residential housing, something that we will continue to see until the last quarter of 2021, when we anticipate a sellers' market.

## Commercial property

The commercial property market is undoubtedly one of the worst hit by the Covid-19 pandemic, and this is mainly driven by the office space market, followed by the retail property market, and the least hit, the industrial market. As it stands, the commercial property market is in a weaker state than the overall economy of South Africa, and as the year progresses, we expect no change. While many are back at the office, most companies are still working from home and this will probably be the case until the second half of 2022.

### ABOUT HERBERT SEABELO THELEDI

Herbert Seabelo Theledi is the founder and managing director of Nthoese Developments. He holds a Bcom Degree in Accounting and Economics from the University of the North. He founded Nthoese in 1994 and has over 20 years' experience in the real estate industry. He was instrumental in growing Nthoese's portfolio to just over R2bn, prior to the sale of half the portfolio to the JSE-listed Reboasis Property Fund.

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