

# Local property trends to keep on your radar

By [Andrea Tucker](#)

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Shifts in human behaviour across the globe and changing lifestyles and work patterns are creating massive waves in property markets everywhere. In South Africa, more dynamic work/home models that are the legacy of the coronavirus have resulted in a buyers' market for both residential and commercial properties.



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Here are some of the biggest trends making an impact right now.

## Market remains buoyant

Although interest rates that dropped significantly during lockdown have increased repeatedly over the last 12 months and thereby returning them to pre-pandemic levels, the home buying market remains largely buoyant across the entry-level/affordable segment, mid-price range as well as the luxury home sector.

At one end of the 'reasons-for-selling' scale are financial pressures on households from job losses and higher-than-anticipated living costs as a result of inflation; as a result, individuals and families are looking to consolidate their spending and reduce overheads by downsizing their homes if this makes financial sense for them in the short and medium term.

On the other end, higher levels of affluence from people who both retained their jobs and were able to save money over lockdown by not commuting to the office, and by the curtailment of leisure activities including entertainment and holiday spend are creating markets for larger homes. The extended work-from-home policies of many companies and the proliferation of new, small home-based businesses are adding to this demand for space that can comfortably accommodate both family and work.

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## Relocation to greener suburbs

Outside of the movement in the markets of major cities including Durban, Cape Town and Johannesburg, we are also seeing an increase in relocation to peri-urban and semi-rural areas. With remote working being increasingly acceptable and digital natives connecting from anywhere, greener suburbs are sought-after areas. Easier access to the great outdoors, more space and play areas for children, walking and cycling routes are all part of buyers' specs, as well as in some cases off-grid installations such as solar power and grey water collection.

In addition, emigration and semigration are still impacting many decisions to move – South Africans either leaving the country or moving mostly from Gauteng to the Western Cape in favour of coastal living. This has resulted in many more properties coming onto the market, and supply/demand economics coming into play as a consequence.

Now is clearly a good time to be looking for property, with the wide range of stock in all price segments on estate agents' books. A competitive lending environment is contributing to the current movement in real estate and making this largely a buyers' market.



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## Difficult economic climate

However, in the current difficult economic climate in which we – and the rest of the world – find ourselves, buyers must be careful not to over-extend their budgets by purchasing a property outside of their affordability range. Even a percentage increase in interest rates can adjust bond repayments significantly and with the burden of higher costs of living on everyone, caution in jumping into a new house purchase is advised.

Fitch Ratings forecast South Africa's headline inflation to remain above the South African Reserve Bank's (Sarb) target range until late 2023. As the country's inflation rate is expected to remain high, questions remain about whether the Sarb will raise its policy rates again or take a pause with Fitch suggesting that SA's interest rates could be increased well into 2023 to cool rising inflation.

Investing in bricks and mortar, if done wisely, is generally a sound decision with a long-term lens. With the correct advice

from lenders and real estate agents, buyers can find, if not a bargain, then a great opportunity for economic security and future wealth.

## ABOUT THE AUTHOR

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