

Rising transport costs will see a shift in home-buying patterns

According to Rudi Botha, CEO of BetterBond, the fuel price hike and the sharp decline in South Africa's economic growth rate during the first quarter will increase urbanisation and intensify demand for homes close to work, shops and schools. Further, possible employment cutbacks in agriculture and mining - among the biggest contributors to the drop in GDP growth - will drive more people to leave rural areas and head to bigger towns and cities in search of work.

“This is going to put pressure on the Department of Human Settlements and its private sector partners to deliver more affordable housing in urban areas, and on municipalities to fast-track their plans for inner city urban renewal and infrastructure improvements.”



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Looking to reduce transport costs

At the same time, he says, households are already feeling the pinch of the VAT increase and other tax hikes implemented in April and, given the predictions that this week's sharp fuel price rise will not be the last this year, many consumers who already live in urban areas are now urgently looking to reduce their transport costs by moving or buying a new home that is closer to their workplace or enables them to reach it via reliable public transport.

“Families with school-going children are increasingly also trying to live closer to their preferred schools in central suburbs or estates that are also well-supplied with other amenities, while young professionals opt for inner-city areas and integrated suburbs where they can walk to the shops, restaurants, entertainment venues and gym and often dispense with owning a car altogether. The rise of ride-share services such as Uber has furthered this trend.”

Home-based consumers

Meanwhile, says Botha, worsening traffic congestion in SA's large metros is already encouraging more companies to allow their employees to telework from home most of the time, with perhaps only one or two visits to the office a month, and this trend is likely to be spurred on now by rising transport costs.

“As a result, there is likely to be an increase in demand for properties with home offices – and for those with space to accommodate a home-based business, as an increasing number of South Africans also set up their own enterprises in an effort to make ends meet.”

And finally, he says, internet-based businesses and companies with online shopping options are likely to see sales to home-based consumers rise significantly now, while property portals like Private Property can expect an increase in traffic as prospective buyers and tenants spend more time searching for homes online and narrowing down their choice before venturing out to view a few in person.”

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