

Webinar: Driving wealth creation through property transformation in SA

Rainmaker Marketing recently hosted a webinar on how to make property investment more achievable, featuring industry leaders who discussed topics such as how to bridge the knowledge gap in property, understanding what subsidies are available, and the buyer misconceptions that exist.



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It was noted that in order to solve the issue of property transformation and ownership in South Africa, it's vital to first unpack historical challenges that exist which relate largely to a lack of education and information related to the concept of wealth creation through property investment.

The panel featured Rob Wesselo, MD of International Housing Solutions; Bongani Gumede, MD of Tongaat Hulett Property; Simmi Naiker, director of the Subsidy Administration and FLISP from the Department of Human Settlements; and Themba Mbongeni Nkosi aka DJ Euphonik, property investor and host of Property Matters on eNCA. Additional panel members included Vuyiswa Mutshekwane, CEO of the South African Institute of Black Property Practitioners; Steve Brookes, CEO of Balwin Properties; as well as Tim Akinnusi, CEO and co-founder of MortgageMarket.



PROPERTY

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Public-private collaboration needed

“It was evident in one of our past webinars that many South Africans have not yet had the historic benefit of access to education around property investment. We believe that both public and private sectors should work closer together to create more affordable products for a broader market, and also to empower more of our population with insight around the purchasing process, product options and financial support that is available,” explained Stefan Botha, director of Rainmaker Marketing.

For many, property investment is rarely part of the dinner table conversation, explained Nkosi, “For many previously

disadvantaged South Africans, particularly black South Africans, the discussion around the table has never come close to anything about property. In fact, most people will hear about a mortgage or a bond when they turn 25 and are starting to look for their first house or apartment when they have already been renting and after they have bought their first car.”



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Unpacking FLISP

A common issue for South Africans is that they often do not earn enough to overcome the barriers to property entry. A vital step to overcoming this is the property market's best kept secret – FLISP.

“The Finance-Linked Individual Subsidy Programme (FLISP) is very unique,” shared Naiker. “With individual financed-linked subsidies, you get a bond and you can buy anywhere, in any area, all you have to do is meet the qualifying criteria. The income bracket is R3,501 – R22,000 gross household income.

“You get granted a subsidy on a sliding scale; if you are at the bottom end of the income scale, you will be granted R120,000, and if you are at the higher end, you would get around a R27,600 grant from the government that is non-refundable,” he explained.

Need to think differently about property development

In conversation with many South Africans who come from townships, Mutshekwané said that people don't necessarily want to leave, but they want to be close to work, good schools and they want to have access to good healthcare. If developments were focused in townships, many wouldn't have an interest in going to the suburbs, she said.

“There is certainly a need and a huge boom in townships and development; if you look right now at what places like Soweto are starting to look like, where people are taking charge and doing their own developments – but they are not involving the banks and financial institutions because there is no appetite or understanding of those markets.

“We need to identify what the real need and demand is, and then be responsive to that demand. It's a challenge to developers, government, financial institutions, and lenders to start seeing the black areas, like townships, as development and investment opportunities,” said Mutshekwané.

Concluded Botha, “Property ownership is key instrument to wealth creation and once we can unlock this for more South

Africans, then it will have a ripple-effect across the entire property market and the economy as a whole.”

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