

Top residential property trends projected for 2021

According to property entrepreneur and Only Realty owner Grant Smee, recent statistics indicate that first-time buyers are younger than ever before and in certain instances, it is now surprisingly cheaper to buy a property than to rent.



Grant Smee, Only Realty

“In 2021, we anticipate that the higher end of the market will remain at around 20-30% less than in previous years. This is driven by affordability, stability in the market, an increase in emigration and a lack of foreign buyers,” says Smee.

He expects to see a price decrease of around 15-20% in properties in the mid-range of between R1.5m to R3m.

“Fuelled by the lowest interest rates experienced in almost 50 years, the average house purchase price now sits at R1,304,756 according to ooba Home Loan’s latest statistics.”

Smee says that there is a unique equilibrium at play in the residential property industry. “Properties over R2.5m still operate in a buyer’s market because of the higher price point, while properties under R1.2m operate in a seller’s market.”

Adding to this, the majority of home loan applications remain between R750,000 to R2m.

Other 2021 residential property trends highlighted by Smee include:

1. Home is where the office is

“With much of the workforce still working from home, many are now investing in their homes to ensure that they are fit for both business and leisure. Finding themselves with a lot more time on their hands, some South Africans are also undertaking home renovations and many are moving to new locations that can accommodate both their work and home life needs.”

He adds: “To scale back on price and get more space, many South Africans are moving to outlying areas as they no longer need to be close to the office. Here, buyers get a lot more ‘bang for their buck’.”

2. Trendy areas are more accessible

Sought-after suburbs, such as Rosebank (Johannesburg), the Atlantic Seaboard and even Sandton, are now more affordable and accessible than ever. “Vacant offices are fuelling a surge in property developments and it’s an exciting time to be an investor. This month, Balwin Properties made history by reaching R1bn in sales in just 45 days at their new development in Sandton, Wedgewood.”

3. Semigration continues

Remote working remains a key driver for relocation during the Covid-19 pandemic. Smee notes continued interest from buyers in provinces such as the Eastern Cape, Western Cape and KwaZulu Natal. “Homes in the Western Cape are of particular interest with some sitting at price points that are still too high for local investors. These buyers continue to market

to international investors.”



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4. Co-living and micro-living on the rise

The need to reduce overheads in a volatile economy has led to a surge in the demand for co-living and micro-living spaces. “Co-living can consist of residents who rent beautifully furnished private bedrooms and sometimes a bathroom but share kitchens and other rooms and amenities,” Smee explains.

“In most cases, co-living takes place between family and friends while micro-living apartments usually comprise one bedroom, one bathroom and space-saving features that encourage minimalist living.”

5. Lifestyle estates in demand

A need for increased safety and security continues to drive young professionals, couples, and families to secure lifestyle estates. “Gated communities are always in demand and we are seeing new and exciting developments on the rise.”



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6. Scooping up distressed properties in 2021

“Expect to see an increase in distressed auction properties across the price spectrum in 2021 as the realities of the 2020 lockdown materialise. For those looking for a steal or a fixer upper, this avenue presents exciting opportunities,” explains Smee.

7. Investors beware

“Quality tenants are hard to come by even in the best of times. Be sure to conduct credit checks and ask for references. A full deposit is also of the utmost importance. To landlords with tenants who are struggling to make ends meet, try to reach a compromise and make sure that everything is in writing.”

Smee concludes that while virtual showhouses remain a trend, the true value of a property is best determined by visiting the site. “We encourage potential buyers to visit properties prior to making an offer. Remember, an Offer to Purchase (OTP) is legally binding.”

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