

The 2024 property gold rush: prices soar, stocks shrink and early birds secure the worm!

Don't be fashionably late to the real estate party. 2024 is poised to be an exciting time for homeowners. The tide is turning, and so is South Africa's property market.



Source: 123RF.

Like a child taking its first steps with cautious optimism, South Africa is beginning to see signs of growth within its real estate market. This potential is expected to drive positive sentiment, bringing commitment and confidence back to the property market.

Multi-award-winning real estate company, Byron Thomas Properties, predicts the following significant factors on the horizon for the property market in 2024:

- **Interest rates are on the decline:** Rising interest rates have resulted in a poor buyer market over the past few years with buyers either only qualifying for lower bonds, or not getting finance at all. The good news is that this is set to turn around over the coming year.

Interest rates are likely to start declining in the coming months and should continue to do so into 2025. This will lead to a marked improvement in consumer sentiment and buyer enthusiasm. South Africa should start seeing more investor buyers coming back into the market as finance will be cheaper allowing for better returns.

In recent years, the market has seen many buyers holding off on taking the big step into home ownership, opting to rent instead. With interest rates easing, many hesitant first-time buyers will soon be able to afford to buy their dream homes. This will directly affect demand and negatively affect the pricing of popular sectional title units.

- **Geo-political situation:** With the world in turmoil, South Africa's socio-economic issues seem like less of a deterrent than before. Emigration and semi-gration have slowed down, and many previous South African homeowners turned expats, are now returning home.

With more businesses requiring employees be back in the office, areas situated close to ever-expanding business nodes, as well as in close proximity to top schools both private and public, hospitals, transport routes and major highways will remain in high demand.



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New entrants into the job market will have a positive spin-off for investment buyers as demand for rentals should also start to increase, providing decent yields which have not been seen for a few years.

- **Elections are the big talking point:** While the outcome of the upcoming national elections can't be predicted, the results are sure to usher in some critical shifts in power. These will have short-term effects on the property market, and longer-term effects on the South African economy. The upside of this uncertainty? Civil sentiment is quickly shifting towards positive outcomes emanating from political changes.
- **Infrastructure and costs:** Suburbs seem to be going through short-term pain for long-term gain, with infrastructure upgrades taking place. New water pipes, sewer lines, pothole repairs, and electrical substations have been, and continue to be installed. While we would all like any form of outage to be a thing of the past, this will unfortunately not happen overnight.

The private sector also seems to be stepping up, with initiatives such as the 'Pothole Patrols', and improved community security surveillance.

Homeowners have taken power cuts and poor infrastructure into their own hands, installing solar/backup power solutions, boreholes, and water storage tanks including rainwater harvesting, reducing their reliance on municipal services while increasing their use and enjoyment of their homes.



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Reducing reliance on the grid has its costs but also has its benefits. This is of course not first prize, but South Africa is not the only country facing infrastructure challenges, the grass may seem greener but there is no utopia anywhere in the world.

- **Stock levels are on the decline:** Looking at market trends from 2015-2017 (the height of the market over the past

decade), the property sector experienced a 'sellers' market' where demand outweighed supply. Currently, stock levels are slowing which bodes well for property prices, with supply subsiding and buyer demand increasing. Interest rates between 2015 and 2017 were between 9,5% to 10,25% and forecasts indicate that South Africa is heading back towards those levels over the coming years.

There remains much that needs to happen before a complete shift from a 'buyer' to a 'sellers' market, but the indications are pointing in this direction which is very good news indeed.

- **Value for money and quality of life:** Property prices are currently at an affordable level, offering great value for money and a lifestyle that is not easily replicated anywhere in the world. Many suburbs have introduced numerous community and security initiatives, making these suburbs safer, in turn increasing the desirability. South Africa's suburbs are also alive with community initiatives and participation, as a move towards more civil-minded community action takes place.

The property cycle always turns. 2024 is expected to bring growth in the property market across both the freehold and sectional title segments. The time to buy is sooner rather than later.

Buyers, it is key to get your ducks in a row by getting pre-qualified for a bond. Get your transfer costs together so that when the right home comes to market you are ready to strike.

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