

SA housing market performs surprisingly well in Q2 2022 - Re/Max report

According to the Re/Max National Housing Report Q2 2022, the South African housing market performed surprisingly well during the second quarter, growing by as much 50% QoQ within certain sales metrics.



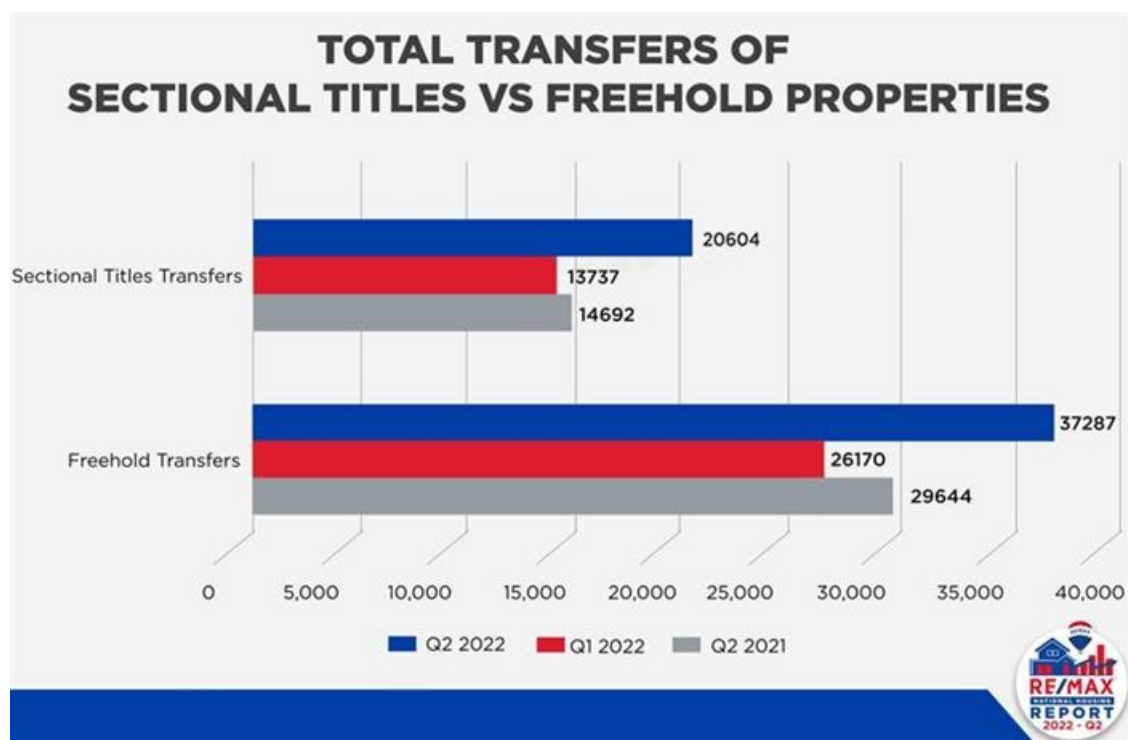
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According to Lightstone Property data, a total of 52,949 bond registrations were recorded at the Deeds Office over the period April to June 2022. The Re/Max National Housing Reports reveal that this figure is up 30% on Q2 2021's figures. The number of transfers (both bonded and unbonded) recorded at the Deeds Office for the second quarter amounted to 77,880. This amount is up by 49% on last quarter and up by 32% YoY.

Of the 77,880 transfers, a total of 37,287 freehold properties and 20,604 sectional title units were sold countrywide (these figures exclude estates, farms, and land only transfers). The number of freehold properties registered increased by 26% YoY and by 42% QoQ. Sectional titles increased by 40% YoY and by 50% QoQ.

According to regional director and CEO of Re/Max of Southern Africa, Adrian Goslett, these figures are unprecedented considering that activity was expected to drop owing to the higher interest rates.

"In the first quarter of the year, we already noticed activity subside following the first interest rate hike announced in November 2021. However, somewhat inexplicably, the housing market bounced back and is now even stronger than it was last year – and last year was already a record-breaking year for our network. In fact, barring one month, our network's reported sales totals are higher for every month this year when compared against last year's figures," he states.



Slow growth for average house prices

Despite the growth in activity, Lightstone Property reported that as at end May 2022, national year-on-year house price inflation was at just 4.46%, having decreased consistently since early 2021.

According to their latest data, the nationwide average price of sectional titles for Q2 2022 is R1,049,437 which, when reviewed against the figures from previous Re/Max National Housing reports, is an increase of just 1% YoY and 3% QoQ.

The nationwide average price of freehold homes is R1,422,901 which, when reviewed against the figures from previous Re/Max reports, is an 8% increase YoY and a 6% increase when compared to last quarter. The average active Re/Max listing price for the second quarter dipped slightly QoQ and YoY and amounted to R3,198,460.30.

Avg Price Per Sectional Title & Freehold Property YoY & QoQ



Home loan values increase

On the other hand, the average bond amount granted during this period, according to Lightstone Property data, amounted to R1,345,000, which is an increase of 8% YoY according to the Re/Max reports.

Bond originator, BetterBond, reported the following loan totals for repeat buyers in each part of the country:

	Avg. Purchase price	Avg. Loan Amount	Difference between Purchase Price vs Loan Amount
Eastern Cape	R886 686,21	R805 717,85	9%
Free State & Northern Cape	R1 077 684,11	R963 003,73	11%
Greater Pretoria	R1 498 110,92	R1 299 135,52	13%
JHB North West	R1 393 448,87	R1 222 416,05	12%
JHB South East	R1 055 201,28	R955 870,49	9%
KZN	R1 232 891,69	R1 073 768,41	13%
Western Cape	R1 480 449,64	R1 233 995,21	17%

No great shifts between price brackets

No substantial changes occurred within the sales volumes between the various price segments during the second quarter of 2022. All price segments remained in the same position as last quarter. Sales priced between R800,000 and R1.5m continue to account for the largest portion at 26.1% of all transfers occurring in Q2 2022. Following this, transfers below R400,000 account for 24%; transfers between R400,000-R800,000 follow in third place at 22,6%; sales between R1.5m to R3m account for 19.7%; and those above R3m account for 7.7% of the total transfers this quarter.

Western Cape outperforms all provinces

The Western Cape continues to be a popular destination for semigration, so much so that all the top five searched suburbs on remax.co.za can be found in this region:

- Bloubergstrand, Western Cape – 3159 searches
- Sunningdale, Western Cape – 2410 searches
- Parklands, Western Cape – 2315 searches
- Claremont, Western Cape – 2199 searches
- Parklands North, Western Cape – 2150 searches

The Western Cape also continues to be the most expensive province. According to Private Property, the median asking price per province of active listed stock on Private Property for Q2 2022 were as follows:

	Q2 2022	% QoQ Change	% YoY Change
North West	R1 245 000	3,8%	7,8%
Free State	R1 250 000	0,0%	0,0%
Mpumalanga	R1 475 000	-0,3%	5,4%
Limpopo	R1 530 000	0,7%	7,7%
Gauteng	R1 389 313	2,9%	3,3%
Eastern Cape	R1 595 000	0,0%	6,3%
Northern Cape	R1 695 000	0,0%	0,2%
KZN	R1 720 000	-1,1%	1,5%
Western Cape	R2 500 000	0,0%	0,2%

"I am encouraged to see that the South African real estate market is as active as it is. My guess as to why we continue to see such high levels of activity is probably owing to the change in lifestyle that the pandemic put into motion. Whether you are now working from home and require an office, have realised the value of living closer to loved ones, needed to downscale owing to financial constraints, or simply discovered that you no longer like your current home, the pandemic provided many with reasons to buy and sell property.

"I remain curious to discover whether the predicted interest rate hikes that lie ahead will have a more noticeable effect on how active the current housing market will be in the following quarter," Goslett concludes.

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