

Buying in an unstable economy

Planning to buy a home usually takes a long term strategy, with many buyers having to either save for a deposit, assess affordability or scout for the perfect property to call home. Then when the time finally comes and the country's economy seems to be unstable - interest rates are higher, banks are implementing stricter lending criteria, doomsayers are warning against long term investments, buyers could be caught in a funnel of information and be left confused and unnecessarily wary.

The local property market has shown relative resistance to economic instability and buyers continue identifying opportunities. The first thing buyers need to know is that if you can afford to buy, you've done your research, located a reputable agent, then this is the best time. High value property opportunities tend to become more available in times of economic uncertainty.

Ooba, South Africa's leading bond originator, reported that in January of this year, 54% of applications received were that of first time buyers and with a home loan approval rate of 73% during that month, property remains attractive. Which proves that buyers are still interested despite market fluctuations.

Opportunities for buyers present themselves in all sorts of places. For example agencies like Harcourts, who are on all four banks' distressed sales panels, can introduce buyers to sellers who are selling their properties under the bank distressed sales programmes. These are normally realistically priced and the banks provide some incentives to buyers.

Other opportunities seemingly resistant to economic downturn has been the affordable sector. If you're thinking of buying a second home to let, and your affordability calculations are conservative, divulge your plans to your agent and keep an eye on properties in affordable communities.

There are many prospects in the market. If you play open cards with your agent and have taken the time to carefully select an agency then this market can prove to be a great opportunity for a long term investment.

To take note of though, the fundamentals apply across the board, no matter what the economic pressures are. Do your research. It is crucially important to keep an eye on property sales and listings in your areas of interest to take note of prices, trends and successful agents. Laying this foundation provides you with relevant information that will assist you in determining your affordability, community of choice, nearest amenities and which agent to pair with.

Statement by
Richard Gray
Harcourts Africa Chief Executive Officer
Cell: 083 637 8435