

## **Increased lending positive for property market**

Statistics released by bond originator, ooba, in their latest "oobarometer" for the first quarter of 2018, reflecting banks increased willingness to lend money is fantastic news for the real estate market in South Africa.

According to ooba in the first quarter of 2018 they recorded the highest home loan approval rate in over ten years since the National Credit Act was implemented. With an increase of 4.9% compared to the first quarter of 2017.

These figures are certainly reflected in the market we're experiencing. This improved lending appetite will play a particularly important role influencing consumer confidence. After the market fluctuations and economic instability of 2017 the stabilization of 2018 thus far is reinforcing buyer interest and much needed investment activity. The current political climate continues to re-instill hope in the broader economy.

Another exciting sentiment shared by the report states that banks are increasingly more willing to lend the full value of a property without requiring a deposit. The average deposit over the entire market decreased by 6.4% year-on-year. For many first-time buyers the need for a sizeable deposit and stricter lending criteria implemented over the past few years greatly influenced the decision to buy. Having to apply for another loan to cover the deposit amount might put affordability of the home out of reach.

There are still corners of the market that remain under pressure and will continue to do so, however with the information emanating from ooba's report, both buyers and sellers are expected to benefit from this improved activity.

From a holistic perspective we're definitely dealing with a buyer's market, yet with banks letting go of the reigns more buyers will enter the market and create greater demand which ultimately leads to a far more beneficial environment for everyone.

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