

# Ill-timed repo rate increase



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Ill-timed repo rate increase, says Dr Andrew Golding

With inflation within the target range and a sluggish economy struggling to regain impetus while the country experiences the worst drought in decades, the Monetary Policy Committee's decision to further increase the repo rate by another 25bps was ill-timed, as a stable rate would have helped boost business and consumer confidence at a time when it is needed most, says Dr Andrew Golding, CE of the [Pam Golding Property group](#).

"A stable repo rate would have sent a positive signal to South Africa's housing market, which despite ongoing economic headwinds, continues to experience sustained demand which in many key nodes and metros exceeds the supply, resulting in ongoing stock shortages.

"The year end is usually a precursor to a period when people tend to make decisions related to career and lifestyle choices for the year ahead, giving rise to property transactions as they relocate and/or acquire new property investments.

"With municipal tariffs such as rates, electricity and water receiving increasing attention, we anticipate as the new year unfolds the trend towards the containment of such costs and conservation of our precious natural resources will further stimulate the growing demand for convenient sectional title living and use of energy saving features. Although generally smaller in size, although not necessarily cheaper, sectional title offers low overheads and improved security. This is coupled with the growing trend towards urban living in proximity to the workplace.

## Safe haven

"In a world beset by turbulent economic, environmental and security issues, South Africa's residential property market is consistently seen as a safe haven for investment, with local residents increasingly recognising the medium to long term benefits of home ownership.

"Our outlook for the remainder of 2015 and into 2016 is that the current supply and demand environment will continue to prevail, notwithstanding the weakness in the economy," says Dr Golding.

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