

Dr Andrew Golding looks ahead at SA's housing market in 2017



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While political and economic uncertainty is likely to continue across the globe next year (2017), it is hoped that local economic growth will be modestly stronger, which will be more supportive for the South African housing market, says Dr Andrew Golding, CE of the Pam Golding Property group.

“Economists and commentators in general are more positive about growth next year, while business confidence has improved, which in turn enhances overall sentiment which is a key driver of the residential property market.

“Much depends on the performance of the rand, but on balance the general expectation is that inflation will fall quite noticeably by the second half of 2017, hopefully with the Reserve Bank looking to cut interest rates during this latter part of the year.

“While the prospect of anticipated stronger US growth would support the South African economic growth rate, a stronger US dollar and increase in US interest rates may impact the rand, with implications for inflation and exerting pressure on our own interest rates.”

Dr Golding says against this backdrop a recurring theme internationally both currently and historically is that global uncertainty makes property an attractive investment, with potentially good returns and the opportunity for capital preservation.

“We anticipate that 2017 will see the continuation of a number of prevailing trends. These include:

- the desire among first time buyers to acquire a foothold on the property ladder and own their own homes;
- an ongoing trend towards investment in mixed-use developments mainly in metropolitan hubs, as well as the development of secure private estates and sectional title complexes. This incorporates the growing popularity of a convenient lifestyle within easy reach of all amenities and transport, and encompassing the live, work, play, shop concept;
- the transition to 'green' and sustainable living as pricing pressures resulting from the prolonged drought and rising electricity tariffs will see a continued shift to energy and water efficiency; and
- the importance of understanding the dynamics of the housing market when making a sound investment decision. These include factors such as the ongoing migration of people, supply of new housing units and lifestyle trends.”

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