

Pam Golding Properties comments on repo rate



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Today's repo rate reduction of 25bps (to 6.5%), coupled with early indicators of recovery in the South African residential property market augur well for the balance of the year.

"Time to buy is certainly now." - Dr Andrew Golding, CE of the Pam Golding Property group

They also underscore the opportunity for home buyers to capitalise on the current favourable market conditions before the market enters a decisive upturn.

This is according to Dr Andrew Golding, chief executive of the Pam Golding Property group, who says that the reduced repo rate, albeit modest, serves to send a positive message to investors, buyers and those with existing mortgages. "It is signalling that the time is ripe for early adopters to capitalise on the current opportunities presented to get into the market – particularly first-time purchasers, as mortgage lending remains competitive in the current market, which still favours buyers.

"Given the benign inflation rate environment and subdued economic growth, with a somewhat stronger rand and the likelihood of the US Federal Bank reducing interest rates on the horizon, it was timeous for a cut in the interest rate. It is anticipated that this will help create stimulus for the economy and property market, as well as a confidence boost for consumers in general.

"Reviewing the latest Pam Golding Residential Property Index, we already note continuing signs of a gradual recovery in the SA housing market, with national house price inflation inching up to 3.8% in June 2019. The Western Cape leads the rebound, at 6.5% in the same month, while KwaZulu-Natal is also experiencing a slight uptick.

"Not surprisingly, national house price inflation in the more accessible, lower price band up to R1 million continues to accelerate fairly rapidly, rising by 6.61% for the period January to June 2019, with the Western Cape soaring at 13.68% in the same price band. In addition, Gauteng East's rebound is also gathering momentum, making it the top performing Gauteng market with house price inflation of 3.6% during the first quarter 2019.

"It is encouraging to see that the national housing market already appears to be starting to see these promising signs which bode well for an uptick in activity now that the dust has settled on the election."

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