

Property buyers aware market conditions are in their favour

The differential between the listing price and selling price of homes in the current market can be as much as 30%, says Cameron Jansen, broker/manager of RE/MAX Central.



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“There seems to be a large disparity between what sellers think their home is worth and what buyers in the current market are prepared to pay for homes. Buyers are aware that market conditions are in their favour and as such are looking for a bargain where possible, often putting in offers that are between 25% and 30% below the seller’s listing price,” says Jansen.

He adds that this is not something that is unique to any particular price range, but rather across the board. “It is not that we just see the trend developing in one sector of the market – it is from one end of the market to the other, from the affordable housing sector right up to the luxury market,” says Jansen. “Apart from the fact that the trend is placing pressure on sellers to lower their price, estate agents also have to do a lot of negotiating between buyers and sellers to try and narrow the gap and find a price that is acceptable to both parties.”

Luxury market most affected

While all sectors of the market are being impacted by the trend, Jansen says that from a rand value perspective the luxury market has felt the effect the most. “We have seen high-end homes go to market at around R4m and receive offers starting from R3m to R3.2m. The result of this is that the luxury market has slowed significantly with sellers opting to rather hold onto their homes than sell for between R800,000 and R1m less than what they want,” he adds.

So where does this leave sellers in the current market? Offering some advice, Jansen says that it all depends on the seller's reason listing their home. "It is one thing if there is an absolute need to sell the property, however, if the seller is speculating and listing in the hope that they will achieve their asking price, in the current market it is not a good idea to be doing that. On the other hand, it is important to remember that if the reason for selling is to buy another home, the consumer is selling and buying in the same market. While they may be losing 20% on the sale, they will be gaining the 20% when buying. So if the reason for selling is to buy, then go for it," advises Jansen.

Adrian Goslett, regional director and CEO of RE/MAX of Southern Africa, says that while certain phases in the market will favour either buyers or sellers – the market is the market. "For homeowners listing their property to purchase another, any challenges they face in the market as a seller will be their advantage as a buyer in the same market," adds Goslett.

Jansen concludes by saying that while sellers looking to make a profit on their homes will find the current market challenging, there are opportunities for buyers wanting to get their foot in the door.

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