

# It's not about the 2019 election, it's about growth

By  Ronald Ennik

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Sentiment has always been the key factor that drives the residential property market. But it swings like a pendulum.



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Right now, there is widespread expectation that nothing will change materially until the election has come and gone. I do not share that stance! In fact, I am prepared to stick my neck out at this stage and predict that the homes market turnaround will come earlier – probably much earlier – than the election results, if it hasn't started already.

And it will manifest in the wake of the current, sharply focused, Ramaphosa-driven initiative to restore South Africa's economic growth without delay. All the signs are there. Home buyers and sellers should know this.

Big initiatives are underway to drive this growth. All reaping results, some speedily!

## A good kick-start

The major local banks are negotiating to re-finance the failing state-owned enterprises with government.

The team appointed as "investment envoys" to attract \$100bn to South Africa are Trevor Manuel, former deputy finance

minister Mcebese Jonas, and Jacko Maree, chairman of Liberty Group (and former CEO of Standard Bank Group). They have moved fast to re-invigorate our damaged, plundered (and now resultantly languid) economy.

The first fruits regarding foreign investment were picked during a Ramaphosa-led visit to Saudi Arabia and United Arab Emirates – each of which has pledged an investment in the South African economy of \$10bn, total \$20bn. Furthermore, German car manufacturer Mercedes-Benz has already taken the plunge with the announcement of a R10bn investment in the expansion of its East London production plant - thought-provoking considering their market. And now China has signed trade agreements with South Africa totalling close to R200bn (which includes a R33.4bn long-term loan to cash-strapped Eskom).



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## An early turnaround

Together, these foreign investments indicate an early turnaround to the president's proactive plan. I'm also aware of a large multinational corporation that has withdrawn its intention to sell off its South African interests in the expectation of improved growth around the corner - the start of positive sentiment from offshore observers.

All this supports the world's third largest investment bank Goldman Sachs's statement which said at the start of this year that, "South Africa will be the break out economy of 2018." Perhaps that expectation has been delayed by six months, but the signs are pointing in the right direction.

Latent home buyers and sellers should stand up and take note as confidence in the property market is closely related, that will be improving now.

## ABOUT RONALD ENNIK

Ronald Ennik is the founder and CEO of Ennik Estates.

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