

Hurray for 100% home loans

 By [Bruce Swain](#)

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It seems no matter whether you're talking to industry professionals in the boardroom or friends around the braai that confidence in the property market is low. We're finding that people are hesitant to commit to buying, anxious that they won't get their price if they're selling, landlords needing to forego an annual increase on rental prices, and the like, because residential property in South Africa seems to be flatlining.



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It's definitely tough out there, but luckily it's not all doom and gloom. In fact, purchasing a property has been made significantly more accessible with many banks now extending the threshold for 100% loans to qualified buyers, and in some cases even 105% loans to cover the registration and transfer fees. This, together with the interest rate that was lowered last month, we see the tide turning, particularly for buyers.

The reason for this "lending generosity" is simply competition between the banks. Every lender is looking to secure a portion of the country's mortgage lending market, which is estimated to be valued at around R980bn.

Affordable property

Another reason for qualified buyers to smile is that, together with 100% loans being granted, we're also seeing more affordable property on the market, particularly in the segment up to R2.5m, higher approval rates and historically low interest rates. It's a buyer's market for sure, and if you want to enter the property market, be it as a first-time buyer or to extend your property portfolio, now is a great time to do so.

While the ongoing weakening in demand has a negative impact on the real price growth (after inflation) on residential property, this too makes it easier for buyers to enter the market. First-time buyers also aren't burdened by having to sell an existing property to set the transaction in motion.

What's more, the current state of affairs doesn't only favour first-time buyers, but is the ideal opportunity for those keen to acquire a second, or even third, investment property. We often find that even though people have the means to purchase a second property, they are not always able to raise the capital for a deposit. With 100% loans, things are much easier for those looking to buy-to-rent.

With a climate this favourable to buyers, our best advice for those thinking of buying is to get in touch with a trusted property advisor as soon as possible to get the ball rolling!

ABOUT BRUCE SWAIN

Bruce Swain is the CEO of Leapfrog Property Group.

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