

First-time property buyers spoilt for choice as market shows upswing

Post the national elections, the South African property market has seen an upswing in homebuyer activity. Coupled with competitive lending conditions and lower inflation figures, this presents a massive advantage for new buyers looking to purchase property for the first time.



© Bernard Bodo – [123RF.com](https://www.123RF.com)

“It is most definitely a buyers’ market and while the property market has remained fairly flat, this is good news for first-time buyers seeking to invest. As a first-time buyer you are spoiled for choice, which means you have the upper hand to ‘shop around’ to find a suitable home at a good price,” says Marcél du Toit, CEO, Leadhome.

The second quarter of 2019 has already seen a spike in offers to purchase and strong interest from first-time buyers. According to Romy Zwiers, head of marketing at Bondspark, buyer demand returned with a 10% increase in portal inquiries from mid-to-end May, compared to the beginning of May.

“Buyers who were holding off prior to elections, feeling reassured by the stable prime lending rate were more likely to submit their bond applications. We are also seeing a lot of first-time buyers entering the property market who are looking to take advantage of favourable lending rates where banks are more receptive to giving 100% home loans than previous years.”

Competition amongst banks

Not only do first-time buyers benefit from not having to sell an existing property, the ongoing trend of vigorous competition amongst banks to make home loans more accessible and affordable makes all the difference. Through lower deposit requirements and competitive interest rates, a significant window of opportunity for prospective homeowners has been opened.

"For example, if you look at a buyer looking at a home loan of R1.6m with a 10% deposit of R160,000, if they got a loan from the bank at 11%, their monthly repayment would be R14,863. However, if the bank secured the loan at an interest rate of 10%, the repayment would drop to R13,896. That would equate to a saving of as much as R232,080 over the period of a 20-year home loan," notes du Toit.

First-time buyers and young professionals are particularly active in the lower residential property price brackets where new developments, and even more established suburbs, offer good value for money.

Du Toit says that despite current concerns around economic growth, property still provides a solid investment. "Buying a property requires a long-term outlook, which means the asset will provide good returns in the long run. The fact that banks are also open to granting 100% loans is also a clear indication of the banks' confidence in the property market picking up."

For more, visit: <https://www.bizcommunity.com>