How much each interest rate cut has saved property owners

At the current prime lending rate of 7%, homeowners can end up spending less on their monthly bond instalments than they would in rent, making it an enticing time to purchase real estate, says Adrian Goslett, regional director and CEO of RE/MAX of Southern Africa.

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"Not only does this cut make it more affordable for buyers to enter the market, but it also makes it easier for existing homeowners to keep up with their monthly repayments. This is beneficial to everyone as it will hopefully reduce the amount of homes that will have to be repossessed and sold at public auction, which safeguards against further downward pressure on asking prices," explains Goslett.

To get an idea on how much a homeowner stands to save on their existing home loan, Goslett recommends that homeowners use BetterBond's Additional Payment Calculator. Based on this calculator, if homeowners kept their bond repayments on a R1m home loan at the same amount as they were when interest rates were at 9.75%, they will save R304,000 on interest and shorten the loan by 6.25 years at the current 7%.

The table below provides a few more examples of what homeowners stand to save following the interest rate cuts:

	Monthly Bond Instalment						
Bond amount	9,75%	8,75%	7,75%	7,25%	7,00%	Monthly Saving from 9,75% to 7%	Interest Saving Over 20 Years from 9,75% to 7%
R 250 000,00	R2 371	R2 209	R2 052	R1 976	R1 938	R433	R103 931
R 500 000,00	R4 743	R4 419	R4 105	R3 952	R3 876	R867	R207 861
R 750 000,00	R7 114	R6 628	R6 157	R5 928	R5 815	R1 299	R311 792
R 1 000 000,00	R9 485	R8 837	R8 209	R7 904	R7 753	R1 732	R415 723
R 1 250 000,00	R11 856	R11 046	R10 262	R9 880	R9 691	R2 165	R519 654
R 1 500 000,00	R14 228	R13 256	R12 314	R11 856	R11 629	R2 599	R623 585
R 2 000 000,00	R18 970	R17 674	R16 419	R15 808	R15 506	R3 464	R831 446
R 3 000 000,00	R28 456	R26 511	R24 628	R23 711	R23 259	R5 197	R1 247 169
R 4 000 000,00	R37 941	R35 348	R32 838	R31 615	R31 012	R6 929	R1 662 892
R 5 000 000,00	R47 426	R44 186	R41 047	R39 519	R38 765	R8 661	R2 078 615
R 6 000 000,00	R56 911	R53 023	R49 257	R47 423	R46 518	R10 393	R2 494 338

"For those who can afford to do so, there really has never been a better time to enter the market than right now. I would just advise buyers to leave room in their budget for if and when the interest rates return to pre-lockdown levels. For existing homeowners, if it is within their budget, I would recommend keeping the repayment as it was before the cut. This is one of the best ways to save money and, if you have an access bond, it is also a great way to have access to emergency funds if you later come to need them," Goslett concludes.