

No relief for homeowners as MPC hikes interest rate again

The Monetary Policy Committee (MPC) has announced that the repo rate will climb by a further 50 basis points to 7.75%, leaving the prime lending rate at 11.25%. Regional director and CEO of Re/Max of Southern Africa Adrian Goslett remains hopeful that interest rates will now stabilise following the latest meeting.



Source: Anthony Brown © [123RF.com](https://www.123RF.com)

“Provided there are no more surprises within global markets and our energy crisis does not worsen, it is possible for this to be the last interest rate hike we’ll see for the next while. It all depends whether the MPC decides that the risks to inflation are under control,” he states.

Goslett adds that this interest rate hike will undoubtedly be most challenging for those who bought when interest rates were at their lowest. “I’m sure most buyers plan for at least a handful of interest rate hikes, but I doubt very many would have left room in their budgets for the interest rates to climb so consistently over the last fifteen months or so,” he notes.



Buy-to-let homes are now in high demand. Here's what you need to know

29 Mar 2023



Consider downscaling

“My advice to any homeowner who finds themselves pinched by the higher instalments is to speak to their financial institution before it is too late. Explore the option of downscaling if this will relieve the financial pressure. The last thing you want is to ruin your credit score or, much worse still, have your home repossessed by the bank,” he cautions.

For real estate professionals, Goslett encourages that they be mindful of the current circumstances and remain sensitive to the fact that things might be tight for some homeowners following this announcement. “Now more so than ever before, it is important to act as a trusted advisor to your clients and to be respectful of their circumstances. It might be a sensitive topic

for many homeowners so avoid being too pushy or aggressive in your marketing strategies or you might end up losing more clients than you will gain,” he suggests.



FirstRand to double 'green energy' home loans by next year

Tannur Anders and Promit Mukherjee 28 Mar 2023



Market remains resilient

Currently, despite the series of interest rate hikes, Goslett notes that the property market as a whole continues to be active, although somewhat less active than it was during Covid.

“People have continued to buy, sell, and rent properties despite the higher interest rates. The South African property market remains more resilient than I could accurately predict. My expectation following this latest hike is that, while it will be challenging for some to adjust to the higher repayments, the property market in general will weather this storm; a home priced at fair market value will still sell timeously and at full value if marketed by a reliable professional,” he concludes.

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