

SOUTH AFRICAN PROPERTY MARKET – GOOD NEWS

South Africa's property market is slowly coming out of the doldrums as buyers start returning to the market in more significant numbers – good news for owners with property for sale.

Following nearly a year of decline, First National Bank's monthly house price index has shown nominal increases in house prices since November 2009, with prices climbing 3,1% in January. Taking into account inflation, however, house price growth in real terms is still in negative territory.

While Absa and Standard Bank have reported negative growth in nominal house prices in January, an upward trend in nominal house prices has been evident since the middle of 2009.

Large houses (221m²-400m²) have shown the most resilience, while owners with property for sale in urban areas will do much better than those trying to offload holiday homes in coastal towns, statistics indicate.

FNB property strategist John Loos says the strengthening of the market is expected to continue until around mid-2010 at least, with the full impact of last year's interest rate cuts still to feed through.

Standard Bank predicts a growth in house prices of between 3% and 5% this year, while Absa expects nominal house price growth of 6% as the gradual recovery of the housing market gains momentum.

Better economic conditions, the lagged effect of lower interest rates and less tight credit conditions will all help to drive prices upwards, says Absa's senior property analyst Jacques du Toit.

General interest in buying property, particularly from first-time buyers, is also picking up. Google Search Insights show a significant spike in searches for "property for sale" by South African internet users in January this year, with the highest level of searches achieved for the past six years. The main geographical areas of interest are Gauteng, KwaZulu-Natal and the Western Cape, according to Google statistics.

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