

## **Housing market steams ahead despite rate increases**

This year's interest rate increases have done very little to slow housing demand, and have had no negative effect at all on home prices, according to the latest statistics from BetterBond Home Loans, SA's leading mortgage origination group.

These show, says CEO Shaun Rademeyer, that the average home purchase price increased 6,33% in the 12 months to end-October to R915 678, while the average purchase price for first-time buyers rose 4,76% to R645 007.

“And lending by the banks has kept pace with this growth. For a start, the percentage of purchase price required as a deposit has declined over the past 12 months by 3,53% on average – and by 2,41% in the case of first-time buyers – which makes it easier for buyers to save up the cash they need to complete home purchases.

“At the same time, the average approved bond size in our portfolio has increased by 7,11% to R763 543, and the average for first-time buyers has grown by 5% to reach R591 165.”

What is more, he says, the percentage of home loan applications being declined outright dropped to 30% in the year to end-October, compared to 34% in the previous 12 months, while the percentage of applications declined by one bank but then “rescued” and approved by a different bank grew from 36,4% to 37,5% in the same period.

“This underlines the fact that the banks are more willing to lend to qualified homebuyers than they were at this time last year – provided that applications are completed correctly and properly motivated. And this is why there is a distinct advantage in applying through a reputable originator like BetterBond, which is prepared to caretake individual applications and, if necessary, submit them to a second and sometimes even a third lender.”

As for demand, Rademeyer says, the BetterBond statistics show that the total number of home loan applications submitted to the banks has actually grown by 0,5% in the past 12 months – and that the actual number of approvals has increased by the same margin.

“There has, however, been a decline in the percentage of applications coming from first-time buyers, from 51,6% to 48,1% in the 12 months to end-October, which confirms that repeat homebuyers are currently the main driving force in the market.”

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