

## **Huge transformation in SA's real estate market**

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Transformation in the SA real estate market has come a long way, with almost half of all home loan applications now being made by black buyers, compared with only about 12% a decade ago.

This is evident in the latest statistics from BetterBond, SA's biggest mortgage originator, which represent 25% of all residential mortgage bonds being registered in the Deeds Office and include applications to and bond grants from all the major lending banks in SA.

These figures show that black homebuyers – including those in the affordable sector – have accounted for some between 45% and 48% of all bond applications in the past three months, compared with 43% in the same months of last year. In addition, black buyers, most of whom are also first-time buyers, now account for between 37% and 39% of home loan approvals monthly.

“It is very encouraging to see such an increase in the number of black buyers coming into the market and achieving bond approval,” says BetterBond CEO Rudi Botha, “especially in the light of the slowing economy and slow progress on job creation. It suggests a growing appreciation of the wealth-creation potential of home ownership.

“It is also a clear indication of the effect that the current shortage of good rental housing stock and rising monthly rentals are having on the market, in that more and more tenants are seriously considering that it might now be cheaper to buy than to rent and exploring the possibility of becoming homeowners in their own right.

“This trend is being further fuelled by the current low interest rates and by improving access to bond finance, especially for first-time buyers.”

Meanwhile the BetterBond figures also show that the overall number of home loan applications made in June was 5% up on the same month of 2011, following a 24% year-on-year increase in May.

“This is a reflection of the fact that consumers generally are regaining confidence in the real estate market, while prices which are still at low levels are also boosting investment buying.

“At this stage, the volatile stock markets are rekindling interest in brick-and-mortar investments, and the returns to be made from well-chosen rental properties are in most cases also better than one can achieve on cash in the bank.”

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