

Sell fast - there's another real estate slowdown on the way

 By [Berry Everitt](#)

15 Sep 2020

If you're a home seller, you should absolutely not withdraw your property from the market now in the hopes of selling it at a higher price next year.



Image source: www.pixabay.com

The surge in buying that has been evident since June is likely to taper off towards the end of the year as more households feel the real effects of the Covid-19 economic damage, even if the Reserve Bank lowers interest rates again this year as expected.

As we predicted, pent-up demand from the hard lockdown of April and May plus the huge reduction of home-loan interest rates this year have caused real estate demand and bond applications to rocket in the past three months. First-time buyers have been particularly active and as a group we had record sales months in July and August.

There has also been a lot of talk recently about the market starting to favour sellers more than buyers as stock is absorbed and some homes even start to attract multiple offers. And this is now leading many sellers to believe that significant home price increases are on the way and that they should hang onto their properties until next year.

Relief measures coming to an end

However, they should actually do the opposite. It is important to note that many of the personal and business relief measures which were introduced in April will be coming to an end soon, and that unemployment is expected to rise further as SA's economy experiences the lagged effects of the colossal blow it suffered from the hard lockdown in the second quarter.* This will cause home buying activity to stabilise again shortly and, we believe, to remain only 'slow and steady' for at least the next 12 to 18 months.

The Covid-19 relief measures which have helped consumers weather the past few months under various levels of lockdown include home-loan instalment and rental deferments, levy reductions, UIF payments, UIF wage replacements and the special Sassa relief of distress grants. But all of these will be out of the system by the end of October, and that is when we are going to see many marginal households thrown into the financial distress they may have avoided until now.

Both home loan and rental default levels can then be expected to rise and what that means is that distressed owners, the banks and distressed landlords will be bringing more stock onto the market again, at exactly the same time that the number of financially-able buyers is declining.

Potential superb buying opportunities

Prices are hardly likely to increase in such a scenario, and could in fact even decrease, which will create some superb buying opportunities for those who have the means to do so. But it is frankly also going to make it increasingly difficult for home sellers to attain their asking prices, which is why we are urging current home sellers to stay in the market now - and to work with qualified and experienced agents to ensure that their properties are sold as soon as possible.

They will then be free to downscale should they need to cut costs, to rent if needs be, to eliminate some debt or even to upgrade at an advantageous price.

**The latest figures from StatsSA show that South Africa's GDP dropped by 16.4% between the first quarter of this year and the second, which is when the hard lockdown occurred. On an annualised basis, the drop was a whopping 51%. Despite the expected rebound in the third and fourth quarters, the Reserve Bank still expects the economy to contract by more than 7% this year. Meanwhile, the unemployment rate is already over 30%, which equates to some 10 million people out of work.*

ABOUT BERRY EVERITT

Berry Everitt is the CEO of the Chas Everitt International property group, which is one of the top five estate agency companies in South Africa and widely recognised for its innovative marketing methods, its technological leadership - and its absolute dedication to achieving exceptional customer service. Everitt is the youngest son of the group's founders, Charles and Tilla Everitt, and has been involved in the business since it was established in 1988.

- Here are the hottest property features in a WFH world - 22 Apr 2021
- Sell fast - there's another real estate slowdown on the way - 15 Sep 2020
- Remote workers heading out of town - 3 Sep 2020
- New vision for real estate in which all can win - 8 Jun 2020
- Why you should choose rental homes as carefully as your own - 10 Dec 2019

[View my profile and articles...](#)

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