

Housing market entering cooling period - Re/Max Q4 2022 report

According to Lightstone Property data, as at 9 January 2023, the number of transfers (both bonded and unbonded) recorded at the Deeds Office for the period October to December 2022 amounted to 57,053. When reviewed against the figures from previous Re/Max National Housing Reports, this amount is down by 6% on last quarter and stagnant year on year (YoY).



Source: Gallo/Getty

The same data also reflects that a total of 39,053 bond registrations were recorded at the Deeds Office over the period October to December 2022. The Re/Max report reveals that this figure is down by 5% on Q4 2021's figures.

Of the 57,053 transfers, a total of 27,762 freehold properties and 15,400 sectional title units were sold countrywide (these figures exclude estates, farms, and land only transfers). Reviewed against previous Re/Max reports, the number of freehold properties registered dropped by 6% compared to the results of last quarter and by 1% YoY. Sectional titles, however, increased by 2% YoY but dropped by 7% QoQ.

Regional director and CEO of Re/Max of Southern Africa Adrian Goslett explains that this decrease in number of transfers can be expected following the series of interest rate hikes that occurred last year. "It is natural to expect the market to slow down when interest rates climb. Sellers can expect less demand in 2023 as a result of the rising interest rates," he comments.



Activity shifts back to lower price brackets

After having accounted for a slightly larger slice of the pie in the third quarter of 2022, transfers priced above R5m now account for 7.5% of all transfers (down from 8.1% in Q3). Taking up a bigger portion of all transfers were those between R400,000–R800,000, moving from 21.8% in Q3 to 23.5% in Q4.

Remaining much the same as previous quarters, transfers below R400,000 accounted for 22.4%. Those between R800,000–R1.5m accounted for 26.6% and those between R1.5m to R3m accounted for 20%.

“Luxury buyers tend to become more reluctant to make big investments within times of economic uncertainty. My prediction is that activity is therefore likely to remain slow within the luxury housing market going forward. However, rising interest rates also tend to hit the lower income brackets the hardest, which could lead to fewer sales within these price brackets too,” Goslett comments.

Average house prices hold

Lightstone Property reported in the House Price Index as of end November 2022 that national year-on-year house price inflation is at 2.69%, having decreased consistently since early 2021.

According to Lightstone Property data retrieved on 9 January 2023, the nationwide average price of sectional titles is

R1,066,326. When reviewed against the figures from previous Re/Max reports, this amount reflects 2% growth compared to the same period last year and 1% growth compared to last quarter.



Based on the same data, the nationwide average price of freehold homes is R1,435,287. When reviewed against the figures from previous Re/Max reports, this amount increased by 4% YoY and was stagnant compared to last quarter. The average active Re/Max listing price for the third quarter bounced back after having dipped slightly last quarter and amounted to R3,527,199.

“Unless the current economic outlook changes, average house prices are likely to remain somewhat stagnant in the year ahead. However, each suburb will have its own unique trends and prices will vary depending on demand,” Goslett says.



Predictions for the 2023 housing market

Adrian Goslett 7 Dec 2022



Western Cape continues to thrive

The Western Cape continues to attract buyers above all other provinces. All the top five searched suburbs on remax.co.za are once again found in this region:

- Parklands, Western Cape – 2,674 searches
- Bloubergstrand, Western Cape – 2,638 searches
- Sunningdale, Western Cape – 2,479 searches
- Claremont, Western Cape – 2,414 searches
- Sea Point, Western Cape – 2,197 searches

The Western Cape also continues to be the most expensive province. According to Private Property, the median asking price per province of active listed stock on Private Property for Q4 2022 were as follows:

	Q4 2022	% QoQ Change	% YoY Change
North West	1 270 000	5,8%	7,2%
Free State	1 250 000	0,8%	0,4%
Mpumalanga	1 500 000	0,7%	3,4%
Limpopo	1 590 000	0,6%	6%
Gauteng	1 380 000	-0,7%	2,2%
Eastern Cape	1 649 950	3,4%	6,4%
Northern Cape	1 696 000	0%	1,9%
KZN	1 650 000	-2,7%	-2,9%
Western Cape	2 550 000	2%	2%

“After reviewing the results from Q4, I stand by my previous predictions that the year ahead might be a tough one, especially within the real estate industry. There are likely to be fewer transactions this year and house prices are unlikely to show high levels of growth. However, the need to buy and sell property will exist within any economic climate. Sellers should have no problem securing full asking price in the year ahead if the home is priced fairly and marketed by a trusted real estate professional,” Goslett concludes.

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