

Will 2019 be the turnaround for the economy and property market?

 By [Samuel Seeff](#)

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That is the question on everyone's lips as we look forward to dusting off the challenges of 2018 which was, by all accounts, a challenging year for the economy and property market. Overall, while it remained business as usual for the sub-R1.5m sector, there was a notable weakening in demand above the R3m to R5m price bands.



Samuel Seeff, chairman, Seeff Property Group

A weak economic climate, political noise and property ownership concerns impacted on the market to a notable degree. Conditions shifted largely in favour of buyers. Price growth flattened, although with no real price devaluation evident as yet. While down on the highs of recent years, the market also did not reach anywhere close to the lows of the post-2008 period.

Market likely to remain fairly flat

Looking to 2019, we expect to start the year on much the same foot and will need to be patient for a little while longer as the market is likely to remain fairly flat for the first few months for a number of reasons.

The early part of 2019 will be dominated by the lead up to the May elections and it is potentially going to be a rather noisy period. Once the elections are out of the way and we get a positive result that reinforces a mandate to President Ramaphosa to continue with his reforms, we will see this translate into more positive sentiment, so critical for the economy and property market.

There is every reason to feel positive that the economy should start lifting towards mid-2019. The ratings agencies have kept a stable outlook and President Ramaphosa has demonstrated his commitment to rooting out corruption and maladministration and returning to good governance. The investment drive adds further to the positive outlook.

Typical consumer overspending

The final quarter of 2018 will likely see the typical consumer overspending over the festive season with an increase in credit. The result will be further pressure on household budgets as many will be unable to meet their monthly commitments including housing bonds and rents. This will have some impact during the early part of the year.

There is also an expectation that the interest rate will rise by up to 2% over the next 18-24 months which will no doubt further weaken household finances, not just in terms of higher bond and credit repayments, but other resulting cost hikes. This will in turn also impact affordability.

Nonetheless, we expect the economy and property market to normalise and perhaps start its next upward growth cycle by around mid-year. The Seeff Property Group is certainly looking forward to a better 2019.

For the time being, conditions remain favourable for buyers, and sellers will therefore have to continue keeping their price expectations in check. Buyers though should not wait too long. All economies and property markets go through cycles of ups and downs and many will tell you if only they had bought at a particular time. It is a good time to buy, provided you are

able to find the right property at the right price.

ABOUT SAMUEL SEEFF

Samuel Seeff is chairman of the Seeff Group.

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