

Property sector welcomes rate cut, calls for leadership to 'get its house in order'

 By [Sindy Peters](#)

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South African Reserve Bank governor Lesetja Kganyago, on Thursday, 20 July, announced the bank's decision to reduce the repo rate by 25 basis points, cutting the repo rate from 7% to 6.75%. The unexpected 0.25% rate cut has been welcomed by the property sector.



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Said Herschel Jawitz, CEO of Jawitz Properties, following the announcement: "Not only will the cut have an impact on affordability for home buyers and offer homeowners some respite in terms of their disposable income but, more importantly, consumers may start to feel more confident about the direction of the economy."

A renewed confidence in South Africa's economy will allow consumers to make more longer-term spending decisions, he said, of which buying a home is one of the biggest. Consumers will see a R160 decrease in monthly repayments for every million rand on a 20-year mortgage at the new prime rate of 10.25%, he explained.

Positive signal to the market

Dr Andrew Golding, chief executive of the Pam Golding Property group, has also welcomed the announcement, saying it's encouraging news for potential home buyers: "Consumers could use some positive news right now and this downward shift, albeit only a quarter of a percent, is important as it sends a positive signal to the market and hopefully heralds the start of a downward shift in the interest rate cycle."

According to Golding, despite South Africa's tumultuous economic and socio-political landscape of late, it's business as usual for many who continue to transact in the residential property market for all the usual reasons, be it buying a first home or acquiring property purely as an investment.

Decline in freehold property prices

Regional director and CEO of RE/MAX of Southern Africa Adrian Goslett, however, is not as optimistic, saying that whether the rate cut will stimulate the property market remains to be seen. He notes that uncertainty around policy and the recent

credit downgrades have negatively impacted consumer confidence, slowing the market in most areas throughout the country. Goslett says that a slower economy and rising unemployment rate has also played a role in the property sector, resulting in the decline of freehold property prices.

Following yesterday's announcement, Samuel Seeff, chairman of the Seeff Property Group, renewed his call on the country to get its house in order, saying the lack of action and economic and political will is disappointing in view of the continued business confidence and economic decline. Seeff further notes that although there is still plenty of activity to keep the property market ticking over and it is still in a better position than post-2007/8, the market is shifting on the back of the poor political and economic outlook.

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