

Now For The Good Property News

Property trend analysts are impressed that in the first week of April mortgage loans granted in the US were 77% up on the April 2008 figure.

A similar, though not quite so spectacular, rise was recorded in the UK for the same period.

Drawing attention to this very welcome turnaround in the current situation, Tony Clarke, MD of Rawson Properties, asked the question: "Does this indicate that the recovery has begun? If one accepts the old maxim that USA and the UK set the economic patterns for the world, is it possible that in SA the long-awaited revival is not far off?"

Clarke said that although historically it has been accepted that there is a lag period of six months before the SA economy is influenced by the US/UK market, the latest ABSA figures show that, in real terms, the declines in SA house prices have been nowhere near as drastic as those of the US and UK markets.

"We can, I believe, now be optimistic that in six months SA house prices will stabilise at around current levels."

"I am aware that almost everyone putting out a positive, hopeful message of this kind these days is immediately shot down by commentators – especially the sarcastic amateur blog brigade who reply to all bullish statements published in the online media – but I am not saying that the situation has radically altered yet: All I want to stress is that there are now indicators (including these latest US and UK mortgage lending rates) which give hope."

Other positive developments, said Clarke, have been that:

- Trevor Manuel, in his budget speech, drove the message home that the banks now have to extend credit to worthy customers. The current holdbacks, he said, are not acceptable.

- the banks (with the exception of Standard Bank) have made peace with bond originators and once again accept that they have an important role to play. Furthermore, he says, the banks are now showing an increased appetite for bond lending.

- the elections went off peacefully and the JSE Securities Exchange and the rand have not been affected by the prospect of a Zuma-led government.

"The rand's performance has surprised most and I, for one, am now predicting that it will be in the low R7 to the dollar bracket by early 2010. Everything we have said about the soundness of the SA fiscal policies is now better understood – not only here but overseas."

- the number of cash buyers has increased.

"A surprising number are paying 100% of the price in cash (and getting good deals as a result) and we have seen a big increase in those able to put down 10% to 30% deposits. Countrywide the number of visitors to show houses is on the increase at all agencies."

- there has been an increase in the number of immigrant workers and returning expatriates who now see SA as a better prospect than most of the First World countries because it is weathering the global economic crisis more resiliently than them.

Clarke believes that the 350 base points drop in the interest rate since December 2008 will stimulate buying and increase the number of those able to afford bonds. It takes time, he reminds us, for these changes to affect the market.

"Right now, I think that we should all be taking note of those indicators and I urge the banks, in particular, to study the US and UK figures and ask themselves if the time is not ripe to step up their bond acceptances. Those banks getting in now may well be grateful they did so ahead of stronger demand and greater competition."