

State of SA's residential property market - positive start to 2022

By [Marcél du Toit](#)

4 Mar 2022

"South Africa still holds the most fantastic (and yes, challenging) opportunities for those with the drive to pursue them. Government will make changes, but South Africans will adapt and find ways to circumvent in the long-term. And there's no place on Earth more beautiful, more worth fighting for, than South Africa."



Marcél du Toit, CEO of Leadhome

I recently tweeted the above in response to a social media post referring to South Africa as a "failed state". Yes, we need meaningful change, but we South Africans are hard-working and tenacious; we find the opportunities; we create solutions that bridge the gaps between society and government. So many South Africans have fought so hard for progress, and so many smart entrepreneurs have built phenomenal businesses. The reality is that there is so much opportunity here.

I find it very encouraging that President Ramaphosa is becoming ever-more pro-business. In his State of the Nation address earlier this month, he made it abundantly clear that he's looking to make the business environment friendlier and easier to access. This, of course, will have positive spin-offs across the spectrum. With more investment, more money moves around. As more money moves around, so the economy rumbles into a higher gear and consumers feel more secure.



2022 house price inflation set to mirror 2021 - Lightstone

10 Feb 2022



Upward movement in the market

At Leadhome, we can see that all of these factors will combine to stimulate the property sector over the medium-term. Due

to the low interest rate, we've already seen upward movement in the market over the past two years, and we've also had a positive start to this year – our busiest January ever. It's clear that people are feeling more secure in their jobs.

We're foreseeing growth for the rest of year as well. From a national perspective, we anticipate that growth will be similar to that of 2021, at around 3.5-6%. And, like last year, we predict that this growth will be focused on the hotspots of Joburg and Pretoria, with 'semigration' driving growth in Cape Town. In fact, we're already seeing that valuations are high in Cape Town, which indicates that demand from buyers is high and sellers should be careful to price their properties appropriately.

The growth in Pretoria and Joburg is being driven by economic recovery, which is aiding first-time buyers to enter the property market and enabling existing owners to upgrade as their LSMs push up. Buying decisions are also still being influenced by Covid. Pre-pandemic, our homes were safe havens but the way we interact with our homes has now fundamentally changed. They're now also a place of work and consumers are looking for more space to accommodate work from home set-ups. Many people are also not commuting to their workplaces as often as they did before and many households are pushing what they're saving in fuel costs into their home and bond budgets.



#BudgetSpeech2022: Welcomed relief for taxpayers, businesses in pandemic-induced distress

25 Feb 2022



Somewhat friendly budget speech

This positive growth outlook was further supported by the finance minister's decision to avoid tax rate increases during the somewhat friendly budget speech delivered recently. From a property perspective, no change in transfer duties will help offset any negative impact due to the recent interest rate increase, and no change in capital gains tax is in favour of sellers as well.

In any event, I think it's safe to say that the world is changing. Russia's devastating invasion on Ukraine is a stark example - which might actually prompt South Africans to reconsider immigration and to further invest in South Africa. What we're realising is that there's a better way to live and, for now, the South African economy is supporting the uptake of property, both as an important asset class and also as an enabler of a better lifestyle for South Africans.

ABOUT THE AUTHOR

Marcél du Toit, CEO of Leadhome