

# Why 2020 does not compare to the 2008 housing market crash

 By [Adrian Goslett](#)

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When the national lockdown was first announced at the end of March, the real estate industry braced itself for another housing market crisis similar to that of the 2008 crash. Unprecedentedly, the market has bounced back and has shown very few similarities to that of the crash twelve years ago.



Adrian Goslett, regional director and CEO of RE/MAX of Southern Africa

Nobody could have predicted that the property market would bounce back as quickly as it has. The RE/MAX National Housing Report for Q3 2020 revealed that the number of freehold properties registered decreased by 31% YoY but increased massively from the mere 3,869 that were registered last quarter. Similarly, sectional titles saw a 28% decrease YoY, but also reflected a good recovery from the mere 1,105 registered the previous quarter.

It can be expected that the number of registrations during the third quarter will be lower year-on-year based on the fact that the Deeds Office was closed for long periods and therefore needs to process a backlog of deals. As such, reported sales are a better indicator of market performance than registered sales at this point in time.

## Record-breaking sales

For us as a brand, our company has recorded record-breaking reported sales totals for three consecutive months, starting with R2.4bn in July followed by R3.2bn in August and ending with R2.8bn in September. Our prediction is that the market activity will continue to rise for the rest of the year (provided that we do not fall into another crisis), and is likely to return to volumes similar to those

which we were experiencing pre-lockdown.

The group had planned for a net loss of agents when the lockdown was first announced, as this is what had occurred during the market crash of 2008. Instead, the brand now has 2,579 agents within our network as of 17 October 2020. This translates into a 145 net agent growth on the 2,434 agents that reflected on the brand's membership dashboard for the week ending 28 March 2020.

In 2008, the number of real estate agents dwindled because there simply was not activity within the housing market to keep real estate agents afloat. The fact that our numbers have increased over this period reflects a confidence in the property market as a viable career option.



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## US real estate market

Speaking about the state of the real estate market in America, Dr Lawrence Yun, chief economist for the National Association of Realtors (NAR), agrees that it is unlikely that 2020 will have any resemblance to what happened in 2007-2008 in terms of massive foreclosures and prices plunging. “Some foreclosures will occur, but there will be ready buyers to quickly absorb those properties,” says Yun.

Unlike the years leading up to 2008, he adds homeowners in America have been more discerning with how they use the equity in their homes. Before the housing crisis, many owners were taking equity out of their home for expensive cars or other big purchases. That left them underwater on their mortgage when the economy crashed. Today’s homeowners have, for the most part, left their equity untouched. A crash in the American housing market is therefore also unlikely.

While none of us know what lies ahead, real estate is still a sound investment option and we predict a much quicker recovery in 2020 than the one we experienced during 2008.

## ABOUT ADRIAN GOSLETT

Adrian Goslett is CEO and regional director of RE/MAX Southern Africa. He joined RE/MAX Southern Africa in 2005 as a franchise development consultant, supporting various regions and offices. Throughout his career at RE/MAX he has held various positions. In 2010, after successfully leading 160 offices and over 1500 agents in six countries through the worst years real estate has ever seen in South Africa in 30 years, Goslett was appointed as CEO of RE/MAX Southern Africa.

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