

Interest rate hike held off for another quarter

By  Adrian Goslett

20 May 2021

After announcing at their previous meeting that the interest rate may increase by 25 basis points in the second quarter, the Monetary Policy Committee (MPC) cut the country a break today when it announced that interest rates will remain stable, keeping the repo rate at 3.5% and the prime lending rate at 7%.



© Maksym Poriechkin [123RF.com](https://www.123RF.com)

This means that homeowners and first-time buyers continue to find themselves in a favourable position in terms of the interest rate charged on their home loan.

These low interest rates have made owning a home a reality for many more South Africans as the first-time buyer's market is still incredibly active. Owing to this increase in activity, we have already heard reports from some of our offices that there is a lack of stock available in their suburbs. It is possible that we are already beginning to see the swing from a buyer's into a seller's market, which means that we may soon start seeing prices begin their upward climb.

Having said that, any increases in interest rates over the course of this year could hinder house price growth. Even though the MPC has warned of potential increases of 25 basis points during 2021, it is possible that these increases may not come to fruition as this is all dependent on how the economy performs. However unlikely it may or may not be, homeowners should still leave room in their budget for this when planning for the year ahead.

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.

- Predictions for the 2023 housing market - 7 Dec 2022
- When will housing market activity return to normal? - 16 Sep 2021
- Interest rate holds steady in face of economic instability - 23 Jul 2021
- What to do when a tenant asks for pets - 28 Jun 2021
- Should bond equity be used for debt? - 3 Jun 2021

[View my profile and articles...](#)