



A bumpy move for housing

Ghosts from the past walk again

[writer: Piet Coetzer]

While the housing and general property market in South Africa has ended 2009 on a substantially higher note than it has been for the last 18 months due to the global financial crisis and resultant recession, it is far from out of the woods. There is still a long, hard slog ahead and it would be a miscalculation to expect a dramatic turnaround in either the buyers or the rental markets.

On the housing front, it cannot be expected to see much upward mobility, which could help to alleviate demand pressure at the bottom end of the market.

Local governments can expect to be pressured to help alleviate the shelter plight of the poor to rather increase than decrease.

On the back of factors such as the slow and bumpy recovery in the economy and ever increasing unemployment figures, the situation is likely to worsen even further before it improves.

The debt pressure on lower to middle-income families during the financial crisis has also put fright into consumers and, even if mortgage loans should become more freely available in the near future, the uptake can be expected to be slow, putting paid to the top-end suction effect theory that was so popular in the property market in recent years.

Even with the present relatively low interest rates, it is unlikely that the squeeze effect of rising interest rates will fade soon from the collective memory of the present generation of households.