

Residential>'Recession in SA not as bad as Europe' - Bond Choice
Residential'Recession in SA not as bad as Europe' - Bond Choice SapaBut
has led to the significant lowering of housing prices.

The global recession has not affected South Africa as badly as Europe or the US, but it has led to the significant lowering of housing prices, mortgage origination company Bond Choice said on Thursday.

Managing director for sales Kevin Mountjoy said this had brought new home ownership within the reach of a new band of potential first time investors.

Average home loan applications, he said, had dropped between R550,000 to R600,000 with the top-end segment the most significantly affected in terms of volumes.

"In the current market, the emotional price (the price buyers wish to secure homes) has become the reality as the property market continues falling to levels last experienced in 2006 and at rates not experienced since the 1980s," said Mountjoy.

"Consequently, for genuine home owner seekers (those who have secured professional advice on affordability and procured their 20 percent deposit plus the capital required for administration), the time for purchasing property has never been more advantageous," he said.

Mountjoy said although South Africa had seen house prices drop between 20 to 25 percent, the country was not experiencing the 50 percent drop typical in the US and Europe.

South Africa was also coming off the longest sustained growth period in the past 35 years, "something the industry must both acknowledge and rejoice", he said.

He said circumstantial evidence indicated a recovery among middle-income housing where buyers were showing some confidence in entering the market with sellers becoming attuned to the reality that prices had fallen.