

Rate cut welcomed as property rebounds on pent-up demand

 By [Samuel Seeff](#)

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The decision by the Reserve Bank to cut the repo rate by a further 25 basis points to 3.5%, reducing prime and the base home loan rate to a further historic low of 7% is welcome relief for the property market and households.



Samuel Seeff, chairman of the Seeff Property Group

The decision was expected given that inflation dipped to a 16-year low of 2.1% for May (from 3% in April). With the overall inflation outlook for the year well within the bank's target range of 3% to 6% and the rand rebounding, we should be expecting more.

While welcomed, we remain of the view that the bank should be taking a more aggressive stance with deeper cuts to boost the economy and property market during this unprecedented economic recession. People are not spending and the economy is simply not moving. More needs to be done to give momentum to the economy and property market.

As expected, property has rebounded on pent-up demand under Level 3 with keen buyers who had been waiting to take advantage of the favourable conditions eager to physically view properties and get their offers in. For many areas, it has been the busiest period this year, and in some instances, activity has been on par with the same period last year, but it is vital that we keep the

momentum going.

Few desperate sellers

As the same time, buyers need to be mindful that while we are generally in a buyer's market, they must be realistic with their offers. Although there is good demand in the market, there are very few desperate sellers.

Most sellers are prepared to wait for the right price. While we are seeing some discounts at the top end of the market, there is very little below R1.8m with only the odd serious seller giving nominal discounts. Buyers who are not adjusting to this may well be left disappointed.

An important aspect in the current market is that each area differs in outlook and how it is slanted towards buyers or sellers. While analysts and news reports provide insight into general trends, sellers and buyers should consult with local area experts about their particular area.

ABOUT SAMUEL SEEFF

Samuel Seeff is chairman of the Seeff Group.

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