

Property Market, More Balanced, Says Herschel Jawitz Ceo Jawitz Properties,

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The residential market up until 2015 was essentially a sellers' market driven by low interest rates, strong demand from buyers and a shortage of stock. Despite a slow economy, this market imbalance meant double-digit price growth especially in the major metros such as Johannesburg and Cape Town.

"The market in 2016 has started to shift to reflect the state of the economy, the current rising interest rate cycle and the relatively low levels of consumer and business confidence," says Herschel Jawitz CEO of Jawitz Properties.

With fewer and more cautious buyers in the market this year, relative to the number of sellers, the competition is not only between buyers but also between sellers competing for fewer buyers.

Those who are in the market are quality buyers looking to buy, However, the key decision-making criteria is value. Buyers are either looking to pay less for the same size property in a less expensive suburb, or looking to get more at the same price.

The implication is that in the short-term the price gap between buyers' sense of value and sellers' expectations may widen and the time homes are on the market will lengthen.

"We are definitely seeing the first signs of a more balanced market between buyers and sellers from what was clearly a sellers' market. How quickly and the price at which a property will change hands will largely be determined by the willingness of sellers to understand and accept the shift.

“The relationship between time on the market and price is not a positive one. The longer a property stays on the market, the further the final selling price is likely to be from its true value. Sellers who are willing to listen to the market will have the advantage in 2016,” he says.