

# Challenges and opportunities in a shifting landscape

 By [Paul Stevens](#)

10 Jan 2024

The South African property market is entering a critical year in 2024, poised to be shaped by economic recovery, election uncertainty and evolving buyer trends.



Source: Supplied. Paul Stevens, chief executive officer of Just Property Group.

While the economic outlook remains cautious, there are promising signs for both buyers and investors. Let's take a comprehensive look at South Africa's property landscape and predict the trends for 2024:

Our Property market is inextricably linked to the economic picture, and the outlook for next year will align with the economic outlook, so let's start there.

South Africa's economic growth in 2023 has been slow due to impact from factors like load shedding, high unemployment and a challenging external international environment.

The consumer has been under immense pressure due to rising inflation, which fortunately seems to be under control for now. Consumer price inflation dropped from a high of 6.9% in January to 5.4% in September, which is within the South African Reserve Bank's targeted range of 3 to 6%. In line with the Reserve Bank's inflation targeting policy, interest rates climbed to a high of 11.75%. This, unfortunately, had a negative impact on the property market as bond repayments increased.

I am hoping that we have now reached the ceiling for interest-rate hikes, and that 2024 will see the current rate hold 'till mid-year. Thereafter we could be fortunate enough to see marginal decreases in the third and fourth quarters. This will certainly cultivate optimism in the property sector, and we could start to see house prices gaining some momentum later in the coming year.

## A buyer's market

This past year has seen national house price inflation fall to 3.17% (year-on-year) and a contraction in the number of properties being sold. The most active segment this past year has been the R250,000 to R1,5m band, which constituted almost 67% of the market. The R3m and above range saw the lowest portion of properties transferred, followed by the R1,5m to R3m band (Lightstone).

I expect that we will see this trend continuing in the coming year, but with activity increasing in the R500,000 to R2m price range. I also expect to see an increase in the volume of properties being sold.

For those in the market to buy a house, the timing is good. It's a buyer's market, and there are opportunities for those prepared to do their homework or find an agent who can assist with this.

The semigration trend will persist, with people relocating to areas along the coast, in particular, the Western Cape, due to the province's good track record for service delivery. As a result, sale prices for properties in the coastal provinces will continue to rise, with good capital growth being recorded by owners and investors.

A factor to consider in the coming year is our elections and the lead-up to these. There is a possibility that prospective buyers/investors will decide to sit on the fence and wait for the outcome of the election before making decisions.

Looking ahead, this is a crucial and pivotal time for our country. I feel optimistic that the electoral outcome will be a positive one for all South Africans, paving the way for opportunities to flourish, not only within the property sector but across a number of other industries, too.

## The rental market

The rental market has been very active, with the past two years seeing positive rental growth after the slump caused by the pandemic, according to PayProp statistics. This has been driven by increased demand for rental properties, in part due to potential buyers putting purchase plans on hold due to the high interest-rate environment. This trend could start to weaken if we see interest-rate reductions in the later part of 2024.



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The Western Cape remains the most expensive rental area in the country, with the average monthly rental being R9,946, according to the PayProp Rental Index; while prices in the North West are rising faster than anywhere else (breaking the R6,000 barrier for the first time in the second quarter), this province still boasts the cheapest rents in South Africa.

Rental demand will continue to surge in 2024, particularly in the R3,000 to R12,000 price range, as affordability remains an issue. According to rental arrears records, this is also a better band of paying tenants, a point of importance to all investors.

At Just Property, we have very strict vetting procedures in place to protect our landlords. We are sadly finding that more

than 50% of tenant applications are being declined due to credit impairments. Rental arrears is going to be something we will continue to keep an eye on due to enduring consumer strain. The rental market has become extremely competitive, and landlords must insist that their managing agents do adequate screening in order to place good tenants.

In conclusion, 2024 will balance economic challenges with market opportunities. The key to success will lie in astute market understanding, strategic planning and an unerring focus on the evolving needs of both buyers and renters. All in all, I am optimistic, and my advice is to proceed confidently but with due caution and the guidance of a trusted property professional.

## ABOUT PAUL STEVENS

Since 2013, Paul Stevens has been the CEO of Just Property Group Holding (Pty) Ltd which controls an international group of property franchises specialising in residential sales, rentals and management. He joined as a franchisee in 2003 and now, as CEO, drives the strategic direction of the Just Property brand with his charismatic optimism. He is also actively involved in the evolution of the South African property landscape, working closely with high-level industry stakeholders.

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