

# Predictable outcome as interest rate holds steady

 By [Adrian Goslett](#)

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The Monetary Policy Committee (MPC) has again announced that interest rates will remain stable, keeping the repo rate at 3.5% and the prime lending rate at 7%. This was a predictable outcome and, unless things take an unexpected turn, interest rates are likely to remain steady for the remainder of the year.



Adrian Goslett, regional director and CEO of Re/Max of Southern Africa

Homeowners and first-time buyers continue to find themselves in a favourable position when it comes to the interest rate on their home loan. While a further cut would have helped the many South Africans who are struggling to make ends meet within the current economy, keeping rates at this historic low will at the very least make it easier for homeowners to keep up with the repayments on their home loan within this challenging economic climate.

## Two potential increases later this year

While it is unlikely that interest rates will climb this year, homeowners are advised to leave room in their budget for a possible increase of around 0.5 points during the course of 2021. The MPC has warned of two potential increases of 25 basis points in the second and fourth quarters of 2021, but this is all dependent on how the economy performs and many economists predict that an increase is not likely to be necessary. However unlikely it may or may not be, homeowners should just bear this in mind when budgeting for the year ahead.

Activity within the property market has been at an all-time high following the series of interest rate cuts that occurred last year. Our reported sales figures YTD February reflect a 33% growth on last year and our registered sales are up by 50%. Our partner, BetterBond, has also seen their home loan business grow in value by 46% over this period, underlining how low interest rates have made owning their dream home a reality for many more South Africans.

If activity continues at this rate, it won't be long before we shift into a seller's market where buyers will have to out-bid each other to secure the home. Before this shift occurs, I would recommend that buyers act fast and make the most of the current market conditions.

## ABOUT ADRIAN GOSLETT

Adrian Goslett is CEO and regional director of RE/MAX Southern Africa. He joined RE/MAX Southern Africa in 2005 as a franchise development consultant, supporting various regions and offices. Throughout his career at RE/MAX he has held various positions. In 2010, after successfully leading 160 offices and over 1500 agents in six countries through the worst years real estate has ever seen in South Africa in 30 years, Goslett was appointed as CEO of RE/MAX Southern Africa.

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