What the real estate industry can expect

By Pearl Scheltema

15 Feb 2021

As we await the National Budget Speech later this month, many investors and roleplayers in the real estate industry are holding their breath to gauge the year ahead. A tumultuous 2020 left many feeling hesitant and we're seeing a strong sense of cautious optimism as we head towards the new financial year.

Pearl Scheltema, CEO of Fitzanne Estates

At the core of many investors' concern is the expected impact of continued lockdowns and costs involved with a vaccine rollout. Tax implications and affordability are front of mind, as there's no telling when things will start to regain a semblance of normality. If the second half of 2020 is anything to go by, we can expect a continuing trend towards first-time buyers entering the buyers' market within the entry-level sector.

Increased lending rate

Historically low repo rates and favourable lending terms made it feasible for long-term tenants to enter the owner's market. We expect the lending rate to increase slightly this year, but the effect should be negligible, with it still being very much a buyers' market.

Increase in demand for properties that offer dual work/home roles

Thanks to accelerated trends towards remote work, companies reducing office footprints, schools being closed for extended periods of time, and generally increased amounts of time spent at home, we expect the demand for smaller, inner-city apartments to decrease. Instead, buyers are looking for spaces that offer convenience, value, and room for all the new roles a home should play.

Investors would be wise to buy into these types of markets, with good deals available to those who have cash to spend.

Increase in demand for sustainable homes

Opportunity also knocks for those willing to invest in sustainable buildings, with a renewed emphasis being placed on homes that offer independence from loadshedding. It also offers the added drawcard of budget relief for tenants who are likely to have less disposable income than a year ago. Having a rental property that offers lower utility fees per month may well be the difference between securing a tenant and missing out. In today's slow-moving market, that's more valuable than ever.

Increased property investment opportunity

While the economy isn't speeding ahead any time soon, we're seeing real opportunity for those looking to expand their portfolio. Coastal areas, typically the forerunners in terms of list price, are seeing a decline due to tourism and travel restrictions. The result is an invigorated buyers' market with more options than before for those looking to grow their investment pool.

For those with empty short-term rentals, now is the time to take care of your investment. General maintenance and modernisation is key in protecting your capital, but take care not to overcapitalise. Landlords looking to attract long term tenants in an overcrowded market need to focus on what sets them apart.

Increase in flexibility required from property investors

We've seen a positive response to creative perks and offers for the properties in our portfolio, with tenants reacting well to properties that offer solutions to their problems. Owners need to consider flexible leases, smaller deposit requirements - or payment options that accommodate both parties, flexibility with regards to terms, and well-maintained and stylish properties.

With a complex time ahead, it's essential to focus on what can be controlled. Keep informed and surround yourself with a team of competent, knowledgeable experts who can guide and support you no matter where the market takes us.

ABOUT PEARL SCHELTEMA

Pearl Scheltema is the CEO of Fitzanne Estates, as well as a sectional title expert, specialist property manager, property administration professional and trustee management trainer. With more than 30 years' experience in the industry, she believes in building her business on loyalty and trust.

- #BizTrends2022: Executive training, professionalisation, tech to boost property management industry - 7 Jan 2022
- #Budget2021: What the real estate industry can expect - 15 Feb 2021

View my profile and articles...