

“ LOCATION, NOT ECONOMY, A KEY DETERMINANT OF TIME ON MARKET ”

However, there are still sectors of the housing market which continue to register positive real growth rates. For example, during the year to date, house price inflation in the Western Cape has risen by 10.35%. Adjusting for inflation, this translates into a real increase in house prices of 4.2% during the first nine months of the year.

This example serves to illustrate the fact that, even during an economic downturn, an understanding of the prevailing market trends allow potential buyers to find properties that offer a sound investment opportunity.

The importance of location when selecting a property to purchase was highlighted by recent research released by Lightstone that revealed that the suburb in which a property is located is a more important factor in the length a property takes to sell than the state of the economy (see storybox below).

SUBURB, NOT ECONOMY; KEY DETERMINANT OF TIME TO SELL



The length of time that a property remains on the market appears to be driven more by the suburb in which it is located than by the prevailing economic environment, according to new research by Lightstone.

While the Western Cape may have experienced the highest overall growth in repeat homeowners due to semi-gration, the suburb experiencing the highest influx of repeat buyers is not in the Cape but in Pretoria, with homes in Garsfontein selling **within 2.8 months of listing**.

In contrast, a property in Parkhurst, Johannesburg **typically stays on the market for 7.4 months**.

The length it takes to sell a property has increased in the past 3 quarters; as a result of softening demand and an easing of supply constraints, the average time a home remains on the market has risen from 11 weeks and a day in the 1st quarter of 2016 to **14 weeks (3.5 months)** in the 3rd quarter, according to the latest research.

SOURCE: LIGHTSTONE & FNB



When attempting to identify sectors of the housing market which continue to flourish, it is useful to look at the market heat map for a quick overview of the performance of house price inflation across the three major regional markets and price bands. The major trends in the national housing market during the past nine months remain unchanged:

- The strongest regional market remains the Western Cape, with average house price inflation of 10.35% during the year to date – nearly double the national average of 5.6%.