

This provides a solid underpinning for the Gauteng housing market since, even though the tough economic climate is taking its toll on household finances, first time buyers remain a significant presence in the South African housing market. According to ooba, first-time buyers remain the most significant contributor to home loan volumes, accounting for 53% of all ooba's bond applications in the third quarter.

Given South Africa's relatively young population profile – with the majority of South Africans still under the average age of the typical first time buyer (34 years according to ooba) – demand from the growing number of first time buyers will continue to provide a positive fundamental underpinning for the South African housing market for the foreseeable future.

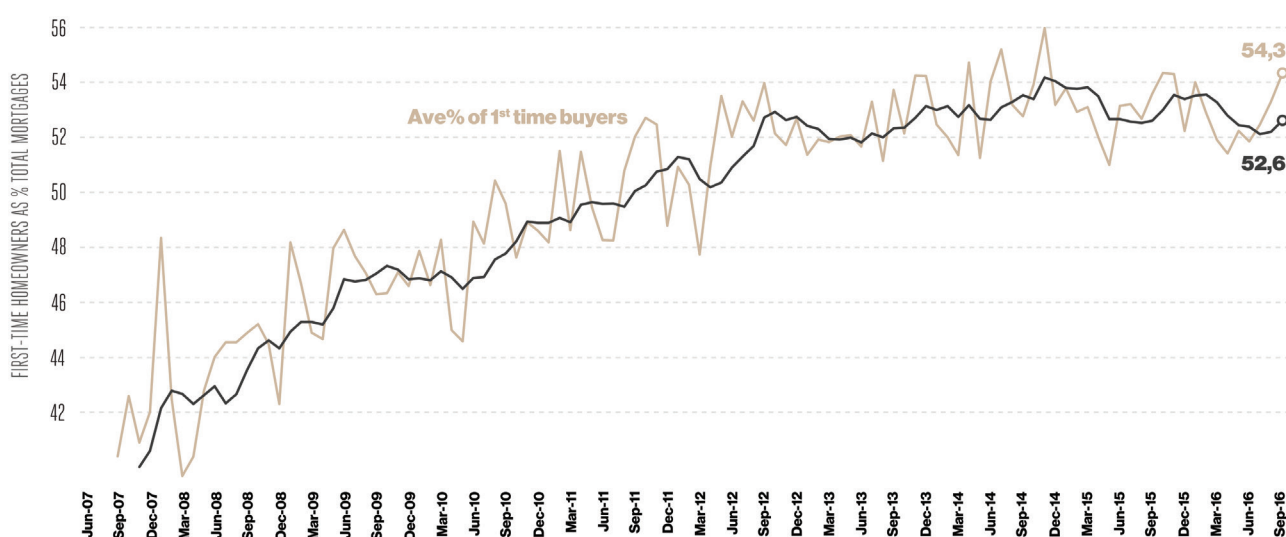


It is this robust demand from first-time buyers which helps to explain the continued strong price performance of the lower price band (<R1 million) housing market in all three major regional markets. This is particularly pronounced in the Western Cape, where a shortage of housing stock undoubtedly contributes to the elevated levels of house price inflation in this sector.

The dominant role of first-time buyers is also providing a key driver in the rapid transformation of South Africa's housing market. During the third quarter of 2016, 61% of all ooba's applications were from Black home buyers, while among first-time buyers this rose to 73% of all applications received by the bond originator.

### First time buyers remain significant

SOURCE: Ooba



One possible explanation for Gauteng's relative price underperformance is the fact that the region is better able to cater to the growing demand for new housing (see graph above).