

Interest rate hike premature, bad news as we head into the festive season

By [Samuel Seeff](#)

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The Reserve Bank's decision to hike the repo rate by 25 basis points to 3.75% (base home loan rate to 7.25%) is a shock to the economy, premature and bad news as we head into the festive season.



Samuel Seeff, chairperson of the Seeff Property Group

The SARB should have waited until next year. We are disappointed at the hawkish stance, especially since inflation has remained flat for the second month. I am of the firm view that the SARB should be taking a more aggressive approach to supporting the economy as central banks have done globally.

While the economy has surprised on the upside, the post-pandemic recovery needs more support. Consumers need the reprieve and extra disposable cash as we head into the traditionally busy festive season for the retail sector.

Still a great year to buy property

Nonetheless, it is still a great year to put property on your Christmas list. The increase in repayments is minimal, and home loans are still more attainable. You can still get out of your rental, buy a bigger house or move to a better neighbourhood as buyers have been doing since mid-2020.

A R1m loan over 20-years will now cost around R7,904 (from R7,753) per month. On R1.5m, it will be R11,856 (from R11,629). Even at the higher prices, the increase is minimal with R2m costing R15,808 (from R15,506) and R3m around R23,711 (from R23,259), under R500 more.

The interest rate and positive mortgage lending conditions, which are the best since 2007, have been a game changer for the housing market, which remains the good news story of the economy, supporting the post-pandemic recovery.

Despite the moderating activity following the buyer frenzy of late last year, the market remains robust with sustained demand in most areas. Overall transaction volumes have recovered back to the 2019 pre-pandemic level and the market is only about 7% below 2015 to 2018 average.



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Best sales year for Seeff

This has been the best sales year for Seeff in our 57-year history. We have achieved record prices of up to R55m and R60m in Plettenberg Bay, R45m at the Waterfront (highest since 2012) and have just concluded the highest price by an agency in Camps Bay at R52m.

We expect more of the same going into 2022, supported by the interest rate and favourable mortgage lending conditions. The expectation is that the rate should remain fairly flat with any increase likely to be fairly benign at least until the end of

next year.

That said, we remain in uncertain times while the pandemic lingers. The resurgence of Eskom blackouts, drastic petrol price hikes, inflation concerns, and premature interest rate hikes could slow economic growth. Naturally, a weak growth environment could negatively impact the housing market.

It is still one of the best times to buy a house in over a decade. There is a steady flow of good stock onto the market which, unfortunately for sellers, means market-related asking prices are key to a faster sale and higher selling to asking price ratio, especially in the higher price bands.

Buyers will need to act quickly though, especially in the lower price bands and high-demand areas where there is no shortage of willing buyers looking to capitalise on the favourable market conditions.

ABOUT SAMUEL SEEFF

Samuel Seeff is chairman of the Seeff Group.

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