

# Fewer estate agents meet sales targets in 2022

Lightstone Estate Agent survey points to struggling economy's impact

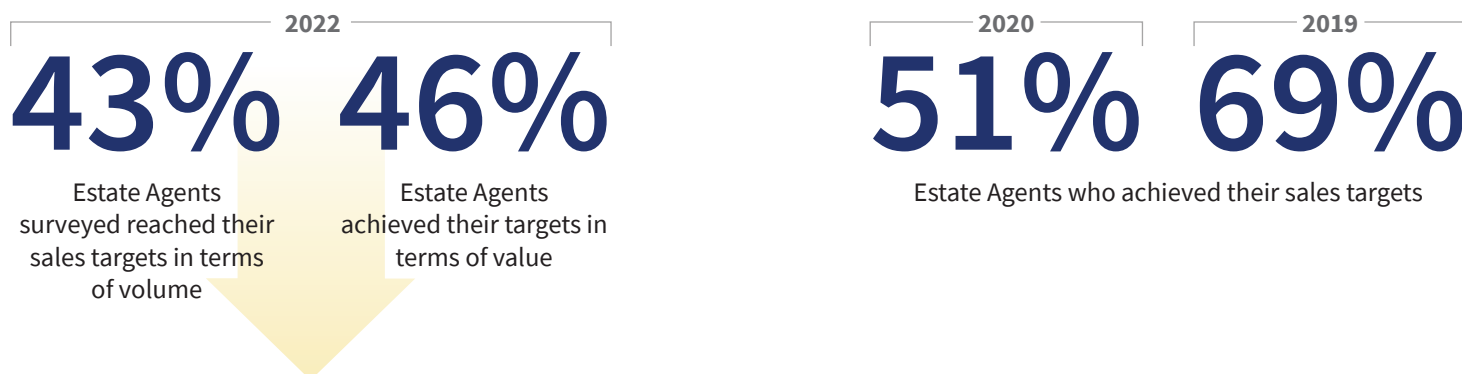


Lightstone recently conducted a sentiment survey to determine Estate Agents' perception of the impact that the current economic environment and increasing interest rates are having on the property market. Some of the results were compared to a similar survey conducted in 2020.

This is a summary of a few key observations.

## Performance

Estate Agents work in a challenging environment.



Estate Agents remain optimistic about the future though, with 80% expecting to reach their sales targets in terms of volume and 78% expecting to reach their targets in terms of value.

### What is driving value UP?

- Stock shortage, supply and demand
- Semigration
- A lot of people renovated during Covid
- Areas with no loadshedding
- Properties with solar
- More first-time buyers entering the market
- Loan-to-value

### What is driving value DOWN?

- Sellers desperate to sell
- Rising interest rates
- Crime
- Loadshedding
- Poor infrastructure
- Over-priced stock
- Fewer developments in certain areas
- Property standards not matching the location
- Areas deteriorating
- Poorly run municipalities
- Lack of security

## Trends Estate Agents noticed in 2022

More people **relocating for a quieter lifestyle**

**Ability to work from home** is a requirement

**Sellers are desperate** to sell and cover bond arrears

**Big shift in the multi-let industry and the build to rent industry**

Drop in sales due to **higher interest rates**

**Younger buyers**

Buyers are more informed

Sellers are less inclined to give Sole Mandates to agents who over-estimate values

**More buyers downscaling**

**POPIA makes it a challenge to work in the industry**

Gated communities and Estates in **high demand**

**Investors selling** off their investment properties

Interest rates are slowing sales down

People leaving KwaZulu-Natal

Buyers and Sellers are **more informed**

People moving to the Western Cape

Multi-generational living is on the rise

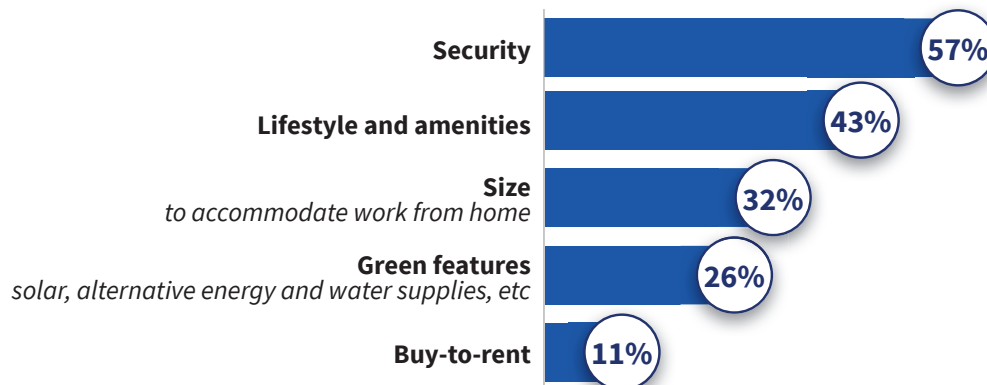
Sellers are **reluctant to sell below their asking price**

**Not enough affordable homes** in sought-after areas

**More developments** coming into the market

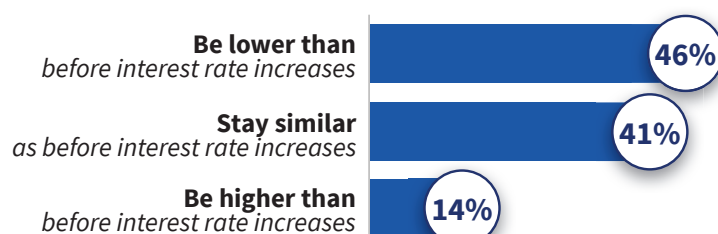
## Buying and selling trends

Estate Agents reported that **security**, followed by **lifestyle and amenities** and **size to accommodate working from home** are the top three features that buyers are looking for in a property.



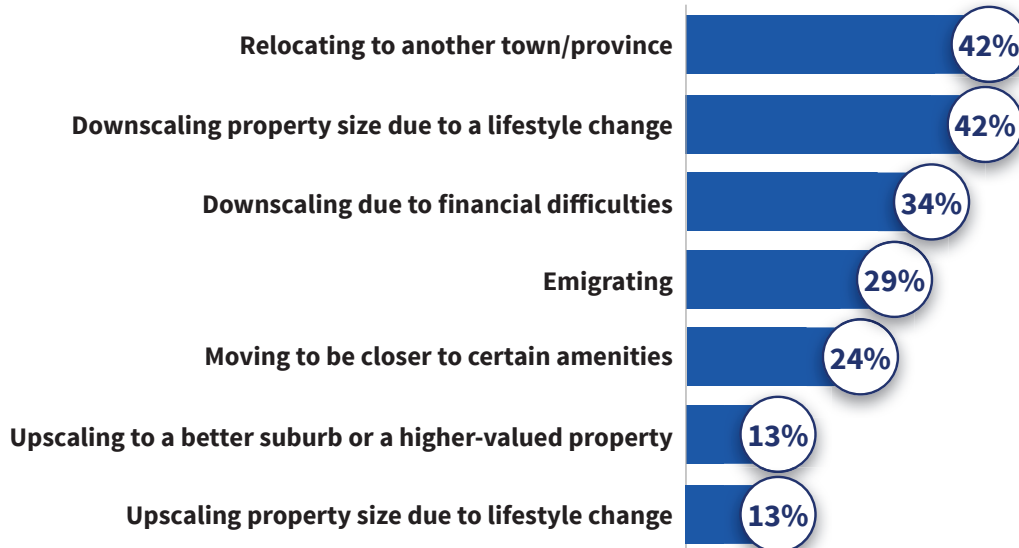
Most Estate Agents believe the **demand for property will either drop or stay similar to what it was before the interest rates increased**. The 46% who believe demand will drop cite affordability, lower demand and a shift towards renting as consumer pressure increases as the main reasons. The 41% who believe it will stay the same believe that many people will still need to relocate, scale down due to affordability and many people will be forced to sell – so the market will stay active.

### Estate Agents expect demand for property in 2023 will be:



According to Estate Agents the **top reasons for selling** during 2022 has been due to **relocation to another province** and **downscaling** due to lifestyle changes or financial difficulties and **emigration**. The same reasons mentioned in our 2020 survey.

**Main reasons given by the sellers, when selling properties in the past year:**



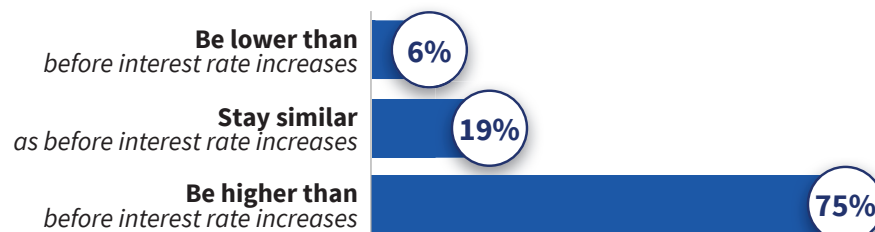
## Rental trends

Estate Agents foresee an **active rental market** with the expectation being that rental prices and demand will be higher than before interest rate increases.

**In 2023, Estate Agents expect that people will rent their properties for:**



**In 2023, Estate Agents expect that the demand for rentals will:**



## Outlook

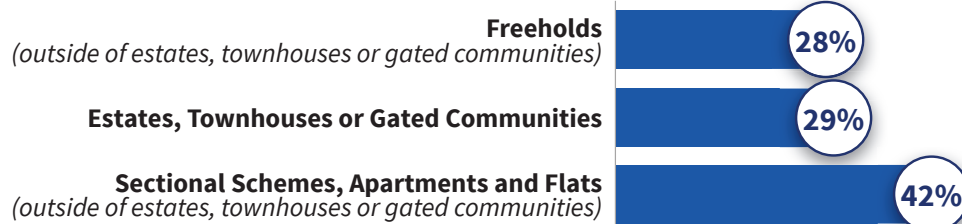
As in 2020, Estate Agents still believe that **economic and political uncertainty**, as well as **unemployment**, will be three top factors that have the most impact in the property market's recovery.

On a scale of 0-10, where 0 means no impact whatsoever and 10 means a big impact, rate the following statements:



Estate Agents also believe that **Sectional Schemes, Apartments and Flats** (outside of estates, townhouses and gated communities) will be the **most affected by interest rates**. The reasons mentioned were that these properties are usually owned by lower to middle income groups, who are already over-stretched and with the inevitable increase that comes with levies, will likely be unable to afford their properties.

In terms of the overall impact on the property market, which one property type do you think will be the most affected by interest rates?



Thinking about the future, the major concerns about the property market that keep Estate Agents up at night include:

