

## WE MADE HOUSING DREAMS COME TRUE FOR 18 000 FAMILIES

Jors van Niekerk, CEO MortgageMax

3 August 2017



In the past year, more than 18 000 MortgageMax clients have been granted home loans and were enabled to buy their dream homes – more than 10 000 are first-time owners.

Our statistics for the year under review also show that our loan application to approval ratio increased during this period to 76,5% from around 73% in the previous 12 months – an encouraging indication that the banks are still keen to lend to home buyers despite the current economic difficulties facing SA.

Indeed, although the average home purchase price paid by our clients showed a year-on-year decline of almost 4%, the average value of the home loans granted rose by 3% (to R794 000), with a drop in the average deposit paid, from 22,6% to 17% of purchase price.

In the first-time buyer sector, the average value of the home loans granted increased by 2% year-on-year to R621 000, and the average deposit paid fell from 4,7% of the purchase price to 4% - or in cash terms from R30 000 to around R26 000.

In other words, consumers across the board needed less of their own cash to become home owners in the year under review, and together with the increase in the Transfer Duty threshold announced in March, this significantly improved the affordability of home purchases, especially in the under-R1m purchase price categories.

Accordingly, our statistics also show that almost 65% of all loans granted were for homes costing less than R1m, with 37,2% falling into the R500 000 to R1m category and 21% into the R250 000 to R500 000 category. The R1m to R1,5m bracket accounted for 16,4% of loans granted and the R1,5m to R2,5m bracket for 13,7% of loans.

However, the figures also reveal that while higher home purchase prices generally correspond to the increasing age of buyers, there were significant shifts within certain age categories in the year under review, and that the overall picture was one of downward pressure on prices, reflecting the increasing financial pressures on consumers.

In the 50 to 60 age group, for example, the strong trend towards downsizing saw the average price paid decrease by 18,1% to R1,26m. There were also decreases in the average prices paid by buyers in the 30 to 40 age group (3,8%) and those in the over-60 age group (4,8%).

Increases occurred in the 20 to 30 age group, where the average price paid rose 1,7% to R694 000, and in the 40 to 50 group, where the average price rose 10,3% to R1,13m. Buyers in the latter group are usually those acquiring larger homes to accommodate a growing family, and are usually also able to do so with the help of a deposit from the proceeds of the sale of their existing property.

Nevertheless they, as well as other buyers, always benefit from applying for their home loans through a reputable bond originator like MortgageMax, as evidenced by the fact that of the R17,9bn worth of home loan approvals we secured in the year under review, R7,7bn worth were for applications that had initially been declined but that we were subsequently able to “rescue” through individual motivation and submission to alternative lenders – all at no cost to the borrowers.