

Absa Homeowner Sentiment Index

Q1 2024

Your story matters



Authorised Financial Services Provider Registered Credit Provider Reg No. NCRCP7



Homeowner Sentiment Index

The Absa Homeowner Sentiment Index (HSI) is an indicator of the overall state of consumer confidence in South Africa's (SA's) property market. This research presents market players with an understanding of the overall confidence level of consumers. It also unpacks more nuanced insights by measuring various aspects of consumers' confidence levels, referred to as "subindices" in this report. Among these, we measure the sentiment of consumers in terms of the current timing for buying, selling, investing, buying rather than renting, and renovating property. The index has a customer-centric view, involving more than a 1 000 consumers.

Key summary

In Q1 2024 we surveyed 1 149 consumers about the SA property market. When asked whether they "are currently confident about the property market in SA (by this thinking it is a secure asset that will create sufficient wealth over the longer term)", positive responses amounted to 82%, which was 4% higher than in Q4 2023. This is a positive sign that although the general environment is still strained, the sentiment around property in the future is starting to look more promising.

In Q1 2024 sentiment improved across all categories measured in the survey. The highest quarter-on-quarter increases were recorded in sentiment around buying (8%), investing (6%) and buying versus (vs) renting (6%). Seller sentiment, albeit more muted, increased by 1% compared to the previous quarter. This same upward movement is also observed when comparing Q1 2024 to Q1 2023.



Overall, positive responses increased to 82% in Q1 2024, which was 4% higher than in Q4 2023, but significantly higher (9%) than in Q1 2023.



The **sell sentiment** increased slightly, by 1% to 49% in Q1 2024 compared to Q4 2023, and was 6% higher than in Q1 2023. Verbatim comments by respondents indicate that many sellers do this due to relocating based on finding better employment opportunities elsewhere. For others, selling is driven by lifestyle needs, where their current homes become too small and they need to upgrade. Interestingly, many sellers previously bought smaller homes with the intent to upgrade and sell these as an additional form of income.



The **renovate sentiment** (homeowners' sentiment about making improvements or alterations) increased by 4% to 79% compared to Q4 2023 and by 7% compared to Q1 2023. Most respondents said that they mainly renovate to add value to their properties and to make living spaces more enjoyable. For others, renovations are driven by the need to do repairs and maintenance. The high cost of materials remains a key detractor.



The **buy sentiment** improved by 8% to 72% compared to Q4 2023 and 11% compared to Q1 2023. Buy sentiment has been on a consistent downwards trend since Q4 2021 (the start of the rate cycle) but turned significantly in Q1 2024. Respondent verbatims indicate that they feel slightly more confident to buy in respect of overall financial position and affordability. The main drivers for buying sentiment include growing families and the need for more space.



The **buy vs rent sentiment** (potential future buyers who are currently renting) increased by 6% to 73% in Q1 2024 compared to Q4 2023 and by 12% compared to Q1 2023. Many respondents said that they have now saved enough to afford a deposit on a home while others want to buy due to relocating and finding new opportunities. For those who still prefer renting, the flexibility this option provides remains attractive.



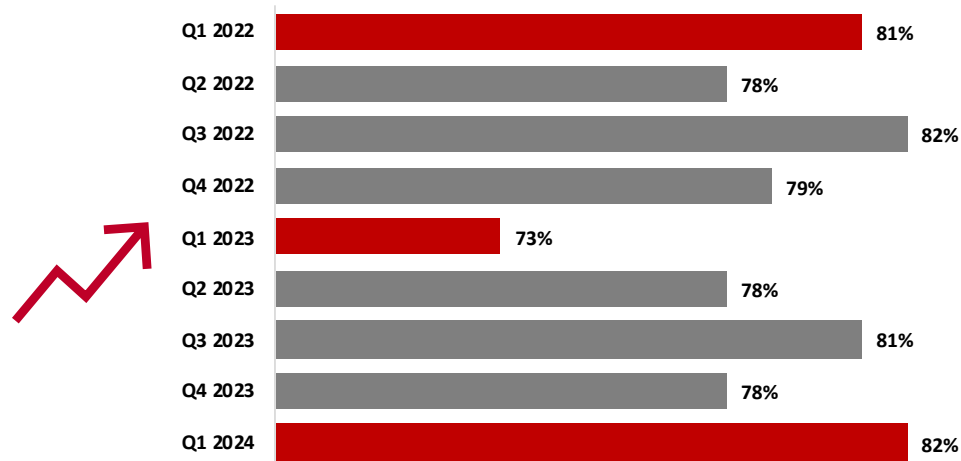
The **invest sentiment** increased by 6% to 82% in Q1 2024 compared to Q4 2023. This is the highest result recorded since Q1 2021 and an indication that property investors feel that it is an opportune time to invest for future value and returns.



HSI results

Homeowner sentiment subindex results

Overall HSI sentiment



The HSI reflects the percentage of survey respondents who are confident (responded positively) about the SA property market.

4pp

When asked whether respondents are currently confident about the property market in SA (by this thinking it is a secure asset that will create sufficient wealth over the longer term), 82% responded positively.

Positive responses amounted to 82%, which was 4% higher than in Q4 2023. This is a positive sign that although the general environment is still strained, the sentiment around property in the future is starting to look more promising.

Positive factors



Main drivers of positive sentiment: Property is and always has been a secure asset (58%), property always increases in value (54%) and creates long-term income (53%), high demand for rental properties (49%) and it depends on the location (48%).

Negative factors



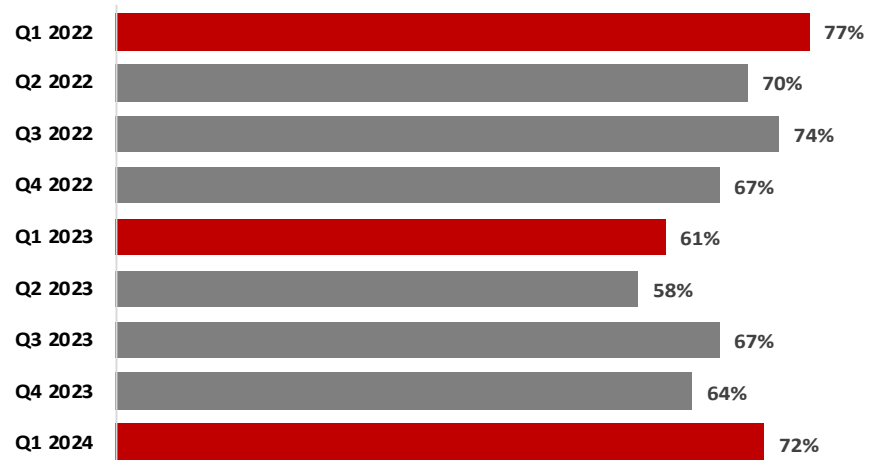
Main drivers of negative sentiment: The unstable economy (67%), political instability (53%), crime (50%) and high unemployment (49%). Other mentions include property has become very expensive (44%) and buying power has decreased (41%).



Buying property

The **buy sentiment** increased by 8% to 72% in Q1 2024 after showing signs of decline in Q4 2023

1 Buying sentiment



8pp
↑

When asked, "Are you currently confident about the property market in SA and is now the appropriate time to buy?", 72% of respondents responded positively, opposed to 64% in Q4 2023.

The buy sentiment improved by 8% to 72% compared to Q4 2023 and by 11% compared to Q1 2023. Buy sentiment has been on a consistent downwards trend since Q4 2021 (the start of the rate cycle) but turned significantly in Q1 2024.

Positive factors



Property is always a good investment (63%), property accumulates in value (51%), you can make good profit (41%), people are desperate to sell (40%) and prices will increase (41% - same).

Negative factors



High interest rates (55% down 9%), the economy is unstable (55% down 4%), cost of living is high (53% down 2%) and prices are high (50% down 3%). Other mentions include the Rand is weak (46%) and high unemployment (43%).

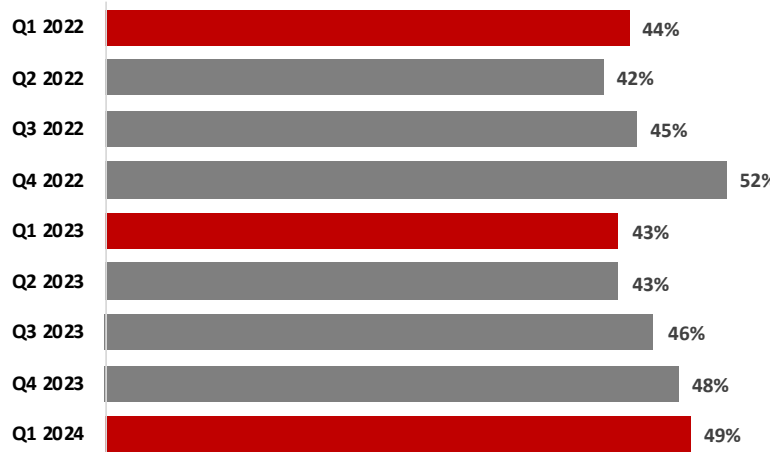
Verbatim comments by respondents indicate that they feel slightly more confident to buy in respect of overall financial position and affordability. The main drivers for buying sentiment include growing families and the need for more space. Significantly more first-time home buyers feel it is an appropriate time to buy, compared to Q4 2023.



Selling property

The **sell sentiment** improved by 1% to 49% in Q1 2024 after showing a slow upward trend since Q1 2023

2 Selling sentiment



When asked, "Are you currently confident about the property market in SA" and is now the appropriate time to sell"?

The sell sentiment increased slightly, by 1% to 49% in Q1 2024 compared to Q4 2023, and was 6% higher than in Q1 2023.

Positive factors



You can get a good price for your property (59%), it is good to rather sell if you can no longer afford the property (39%), it is good to sell if you are upgrading (49%), the property market is doing well (45%) and it is now easy to sell (28%).

Negative factors



The economy is unstable (46%), rather keep the property as an investment (42%) and rather wait a few more years for the property to appreciate in value (37%).

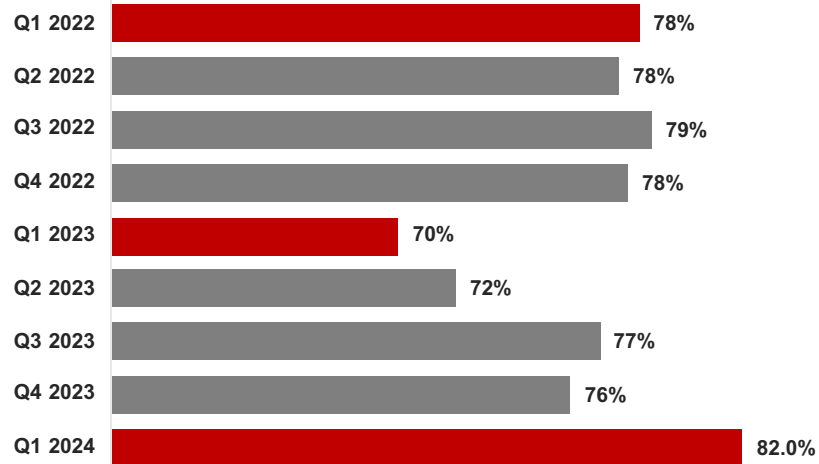
Sentiments around selling property is more divided, with half of South Africans feeling that it is not an appropriate time . This is largely due to perceptions around a struggling economy. For those who are in support of selling, the perception of selling being easier has improved since Q4. Many need to sell for financial reasons as well as changing personal circumstances (e.g. relocation, new job opportunities and lifestyle needs).



Investing in property

The **invest sentiment** was up by 6% to 82% in Q1 2024

3 Invest sentiment



6pp

When asked, “Are you currently confident about the property market in SA and is now the appropriate time to invest in property”?

The **invest sentiment** increased by 6% to 82% in Q1 2024 compared to Q4 2023. This is the highest result recorded since Q1 2021 and an indication that property investors feel that it is an opportune time to invest for future value and returns.

Positive factors



Property always accumulates in value (54%), you will make a good return (52%), there is demand for rental properties (53%), good source of passive income (51%) and there will be a high demand for property in the future (42%).

Negative factors



The economy is not performing well (56%), the Rand is weak (44%), prices are too high (46%), concern about SA’s future (40%) and concern about job security, unemployment and tenants being unable to afford to pay (34%).

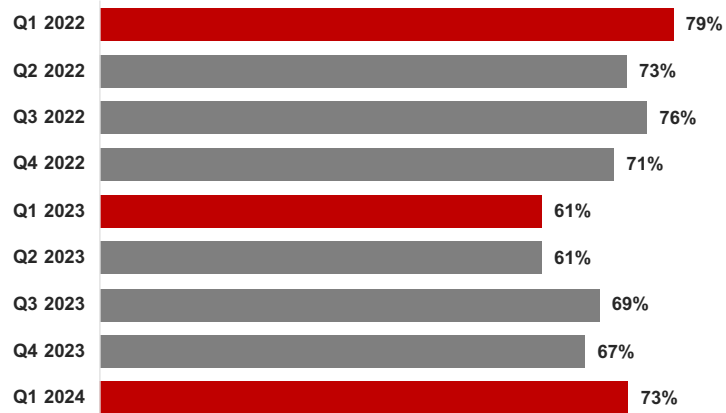
Confidence in property investment is showing significant improvement, largely due to anticipated future value and current demand.



Buying rather than renting property

Potential future buyers currently renting, or buy vs rent sentiment, increased by 6% to 73% in Q1 2024 after showing signs of slow recovery since Q1 2023

4 Buy vs Rent sentiment



6pp
↑

When asked, "Are you currently confident about the property market in SA and is now the appropriate time to buy or rent"?

The buy vs rent sentiment (potential future buyers who are currently renting) increased by 6% to 73% in Q1 2024 compared to Q4 2023 and by 12% compared to Q1 2023.

Many respondents said that they have now saved enough to afford a deposit on a home while others want to buy due to relocating and finding new opportunities. For those who still prefer renting, the flexibility this option provides remains attractive.

Positive factors



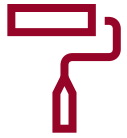
It is better to own than to rent (51%, up2%), rather buy if you can afford to, 48%, down 1%), renting is more expensive (45%, up 1%) and property will accumulate in value (44%, up 3%).

Negative factors



Renting is more flexible with less commitment required (47%), buying includes maintenance costs/transfer fees that can be expensive (39%), can't afford to buy property right now (34%), renting is easier (38%) and the property market is unstable (34%).

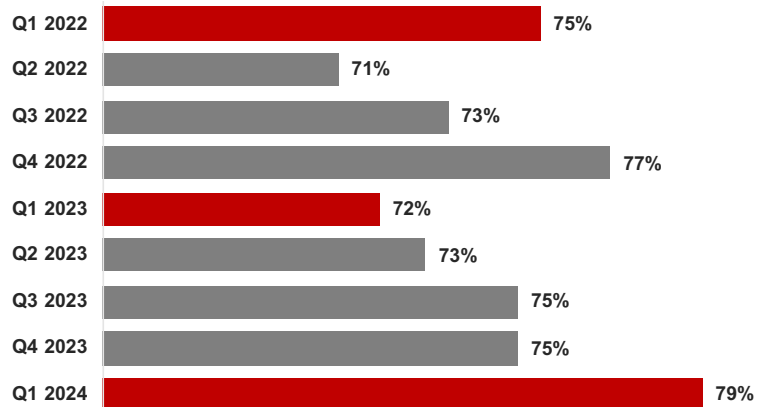
Buying property instead of renting is still preferred by the majority of South Africans, although those who prefer to rent enjoy the flexibility and affordability of this decision in an ever-fluctuating economy. Significantly more women and first-time buyers feel it is an appropriate time to buy instead of rent compared to Q4 2023.



Renovating property

The **renovate sentiment** (homeowners' sentiment about making improvements or alterations) increased by 4% to 79% compared to Q4 2023 and by 7% compared to Q1 2023

5 Overall sentiment



4pp

The **renovate sentiment** (homeowners' sentiment about making improvements or alterations) increased by 4% to 79% compared to Q4 2023 and by 7% compared to Q1 2023.

Most respondents said that they mainly renovate to add value to their properties and to make living spaces more enjoyable. For others, renovations are driven by the need to do repairs and maintenance. The high cost of materials remains a key detractor.

Positive factors



Renovating increases the value of your property (62%), renovating will bring better returns when selling (57%), it is good to update your property (63%), it is a good time to renovate if you have cash (49%) and improvements are needed for security reasons (47%).

Negative factors



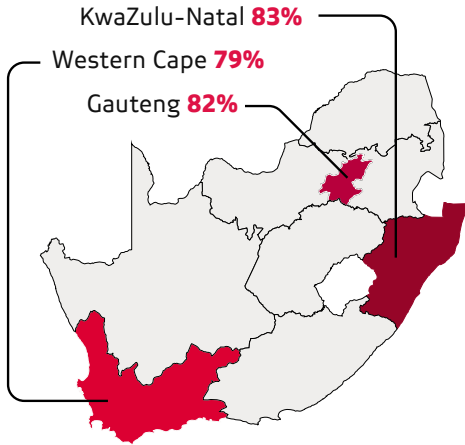
The economy is not performing well (40%), can't afford to renovate right now (40%), materials are expensive (44%) and I want to spend sparingly until the economy stabilises (33%).

South Africans are renovating out of necessity (need) as well as desire (want). Renovations are planned with specific goals in mind, such as improvements for the purpose of attaining a higher future selling price as well as changing lifestyle needs. Affordability remains a consideration and, as inflation trended lower and material costs become more affordable for cash-strapped consumers, homeowners would most likely become more willing to renovate as the importance of maintaining a home is acknowledged.

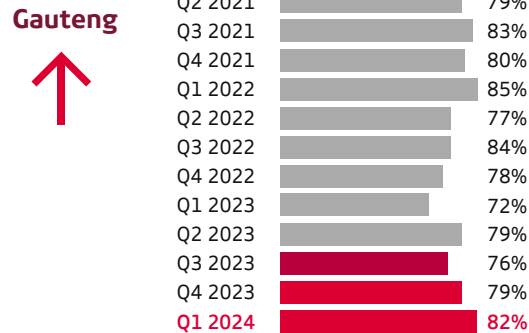


Property market sentiment at a provincial level

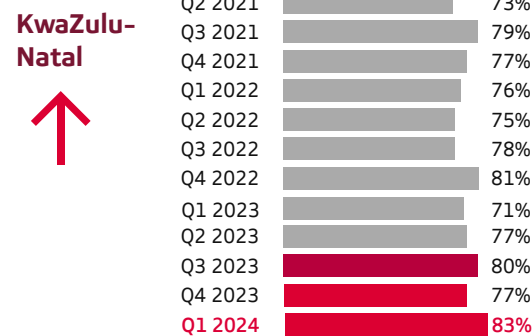
In Q1 2024, 66% of respondents resided in the provinces with the highest response rates, namely Gauteng (33%), KwaZulu-Natal (21%) and Western Cape (12%)



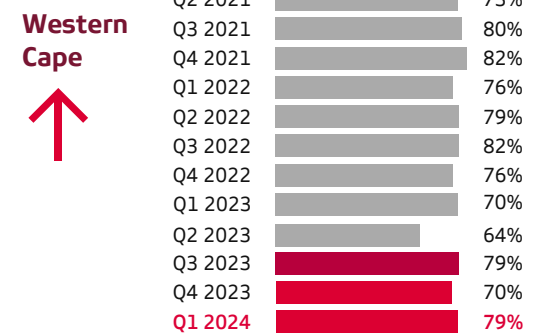
3 pp
↑
82%
Gauteng
Q1 2023 72%



6pp
↑
83%
KwaZulu-Natal
Q1 2023 71%



9 pp
↑
79%
Western Cape
Q1 2023 70%



Gauteng
82%

KwaZulu-Natal
83%

Western Cape
79%

Eastern Cape
81%

Limpopo
81%

Mpumalanga
87%

Free State
94%

North West
81%

Northern Cape
71%



Conclusion and outlook

Our research reflects a higher level of consumer optimism across the board relating to the outlook for the property market in 2024. It seems that some positive signals during the period under review are starting to emerge and the consumers are starting to gear up for better times.

There are some driving factors in the macroeconomic environment that may continue to raise sentiment as the year progresses and into 2025, including:

- **Interest rate cuts:** Inflation is expected to continue a downward trend, closer to levels where the South African Reserve Bank (SARB) would consider interest rate cuts to alleviate some pressure on those with high levels of debt. However, this is most likely to only happen towards the end of the year and to be influenced by various risks, especially food inflation related to drought.
- **Reduced load shedding:** Since the end of December 2023, the intense impact of load shedding has subsided and power supply has stabilised to some extent, taking pressure off households and contributing to an uplift in consumer sentiment.

In general, application volumes for both home loan finance and property registrations in the National Deeds Office are still subdued. However, green shoots are emerging in some pockets of the market such as the first time buyer and investor segments.

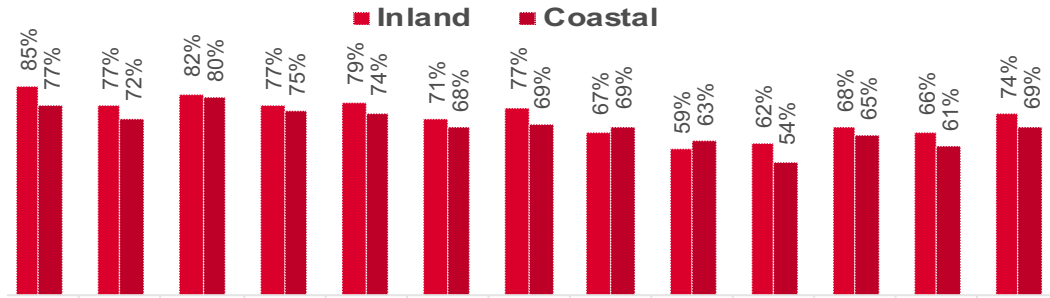
Fundamentally, overall sentiment around homeownership in South Africa remains healthy. Many view it as a sound long-term investment, despite current economic challenges weighing on short-term buying decisions. Many consumers have also indicated their preference to prioritise saving before purchasing property, to secure their financial positions, opting to delay the decision in the short term.

The outlook for consumers remains strained in the short term and although inflation is expected to ease further during 2024, risks remain. Interest rate levels are expected to improve for indebted consumers by the end of 2024. However, this is expected to extend the time it will take for the property market to fully recover.

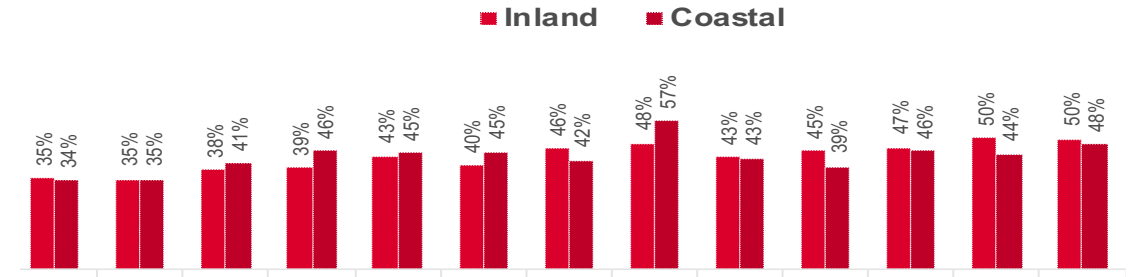
Appendix

Inland and coastal

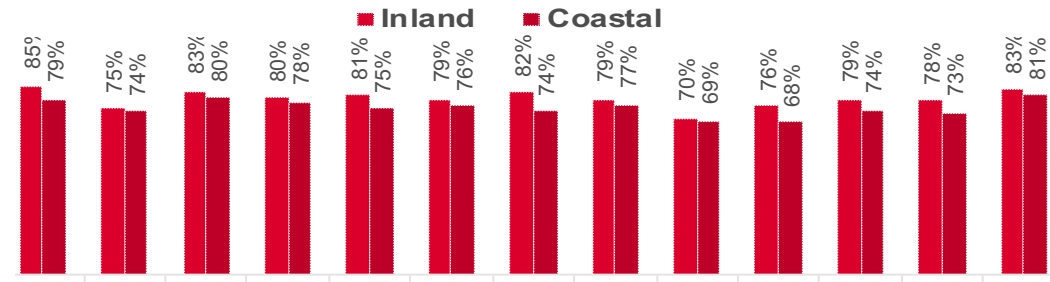
Buy property



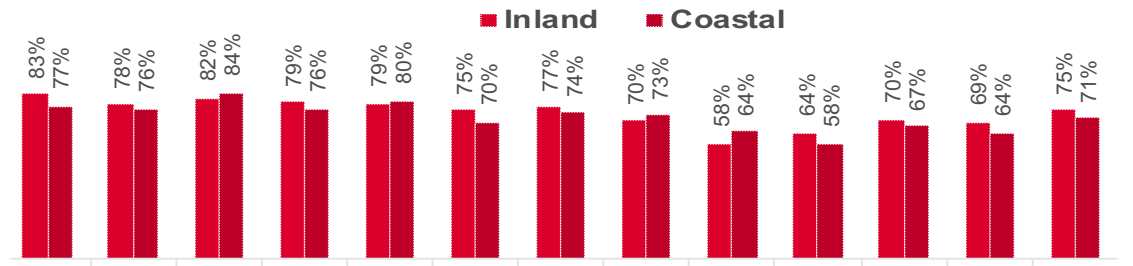
Sell property



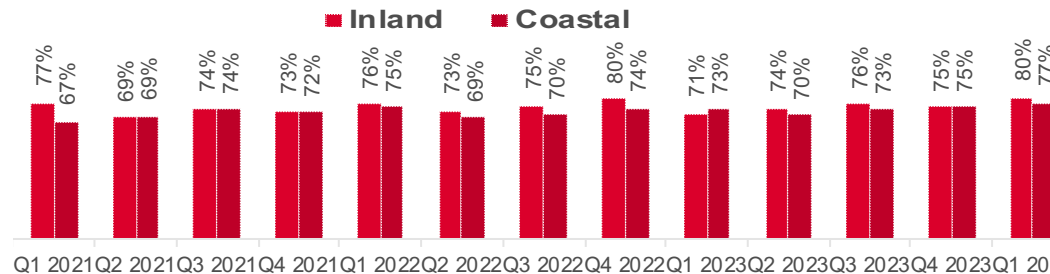
Invest in property



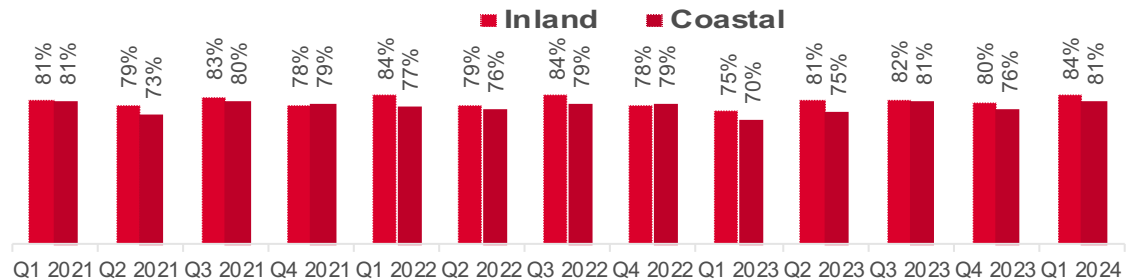
Buy or rent property (buy score)



Renovate or make alterations



Confidence in the property market





Inland and coastal

Buy property:

Sentiment to buy property increased by 8% inland and by 8% in the coastal region. Leading negative drivers for sentiment in both regions remain high interest rates, cost of living and the economy not performing well.

Sell property:

Sentiment to sell property remained unchanged at 50% inland in Q1 2024 but increased by 4% in the coastal region. In both regions, mentions are still that the economy is not performing well.

Invest in property:

Sentiment to invest in property increased by 5% inland and by 7% in the coastal region. Respondents in both regions are confident that there will be a high demand for property in the future and that you will be able to make a good return. Negative factors, such as the economy in general and prices are still too high, seem to remain.

Buy rather than rent property:

Sentiment to buy rather than rent property increased by 7% in the coastal region and by 6% inland. Overall, respondents believe it is better to own than rent, but negative drivers – such as the ability to afford property right now and property market stability – remain.

Renovate or make alterations:

Sentiment in property renovations increased by 5% inland and by 2% in the coastal region. There is still a positive acknowledgement that renovating will bring better returns when selling. Respondents with a negative sentiment towards making renovations or altering their property remain, discouraged by the cost of materials still being high (albeit to a lesser degree) and current economic conditions. Many also feel that their properties are now in need of repair and that maintenance will create future value.

Confidence in the property market:

Confidence in the future of the property market increased by 4% inland, from 80% in Q4 2023 to 84% in Q1 2024, and by 1% in the coastal region, from 80% in Q4 2023 to 81% in Q1 2024. Overall, although the general environment is still strained, the sentiment and outlook for property in the future is starting to look more promising



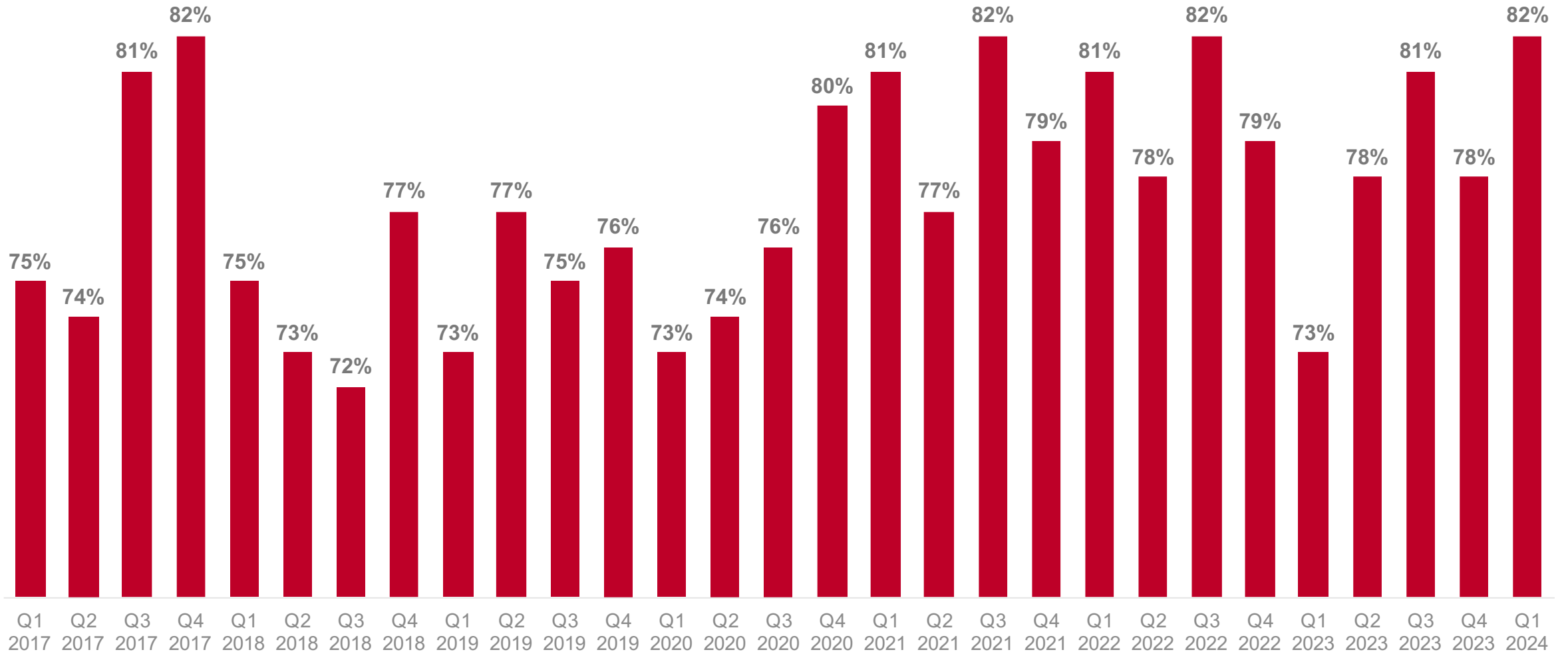
Absa Homeowner Sentiment Index

Period	Buying property	Selling property	Investing in property	Renovating property	Buy rather than rent	Overall sentiment
Q1 2017	60%	42%		77%	66%	75%
Q2 2017	64%	34%	78%	75%	68%	74%
Q3 2017	68%	37%	82%	79%	74%	81%
Q4 2017	70%	41%	83%	79%	74%	82%
Q1 2018	70%	46%	81%	79%	73%	75%
Q2 2018	61%	43%	77%	74%	68%	73%
Q3 2018	57%	37%	75%	72%	67%	72%
Q4 2018	72%	41%	80%	78%	72%	77%
Q1 2019	67%	40%	79%	77%	68%	73%
Q2 2019	69%	39%	82%	75%	73%	77%
Q3 2019	69%	37%	81%	78%	72%	75%
Q4 2019	70%	40%	79%	79%	72%	76%
Q1 2020	62%	23%	67%	64%	69%	73%
Q2 2020	71%	20%	71%	61%	73%	74%
Q3 2020	71%	29%	78%	65%	77%	76%
Q4 2020	78%	33%	78%	73%	80%	80%
Q1 2021	82%	35%	83%	73%	81%	81%
Q2 2021	75%	35%	74%	69%	77%	77%
Q3 2021	81%	39%	81%	74%	83%	82%
Q4 2021	76%	42%	76%	72%	78%	79%
Q1 2022	77%	44%	78%	75%	79%	81%
Q2 2022	70%	42%	78%	71%	73%	78%
Q3 2022	74%	45%	79%	73%	76%	82%
Q4 2022	67%	52%	78%	77%	71%	79%
Q1 2023	61%	43%	70%	72%	61%	73%
Q2 2023	58%	43%	72%	73%	61%	78%
Q3 2023	67%	46%	77%	75%	69%	81%
Q4 2023	64%	48%	76%	75%	67%	78%
Q1 2024	72%	49%	82%	79%	73%	82%

% of respondents nationally with positive sentiment by sub-index



Absa Homeowner Sentiment Index

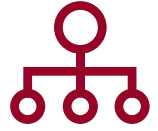




Absa Homeowner Sentiment Index: Gauteng

Period	Buying property	Selling property	Investing in property	Renovating property	Buy rather than rent	Overall sentiment
Q1 2017	64%	40%	78%	78%	68%	75%
Q2 2017	66%	35%	81%	74%	66%	77%
Q3 2017	69%	35%	85%	78%	76%	84%
Q4 2017	69%	39%	85%	80%	73%	82%
Q1 2018	69%	44%	84%	80%	74%	76%
Q2 2018	62%	42%	77%	75%	69%	75%
Q3 2018	58%	34%	79%	72%	72%	77%
Q4 2018	74%	41%	85%	80%	75%	82%
Q1 2019	67%	37%	81%	79%	69%	76%
Q2 2019	69%	36%	84%	77%	75%	81%
Q3 2019	68%	39%	82%	78%	71%	75%
Q4 2019	71%	41%	80%	80%	73%	77%
Q1 2020	63%	25%	71%	67%	71%	75%
Q2 2020	72%	21%	72%	63%	72%	72%
Q3 2020	73%	28%	79%	66%	79%	79%
Q4 2020	80%	34%	81%	75%	82%	81%
Q1 2021	87%	35%	85%	76%	83%	80%
Q2 2021	78%	34%	75%	70%	79%	79%
Q3 2021	82%	37%	83%	75%	80%	83%
Q4 2021	79%	37%	81%	72%	80%	80%
Q1 2022	80%	43%	82%	77%	79%	85%
Q2 2022	71%	40%	78%	73%	75%	77%
Q3 2022	77%	46%	82%	76%	76%	84%
Q4 2022	66%	47%	77%	78%	67%	78%
Q1 2023	58%	42%	69%	70%	56%	72%
Q2 2023	57%	42%	73%	71%	58%	79%
Q3 2023	64%	41%	76%	73%	65%	76%
Q4 2023	64%	50%	76%	73%	67%	79%
Q1 2024	72%	50%	82%	79%	71%	82%

% of respondents nationally with positive sentiment by sub-index



Absa Homeowner Sentiment Index: Western Cape

Period	Buying property	Selling property	Investing in property	Renovating property	Buy rather than rent	Overall sentiment	% of respondents nationally with positive sentiment by sub-index
Q1 2017	53%	38%	69%	69%	64%	71%	
Q2 2017	61%	33%	70%	75%	69%	67%	
Q3 2017	69%	41%	77%	77%	75%	79%	
Q4 2017	69%	46%	73%	78%	78%	80%	
Q1 2018	71%	53%	71%	77%	71%	69%	
Q2 2018	62%	46%	76%	76%	66%	71%	
Q3 2018	59%	40%	71%	71%	67%	70%	
Q4 2018	70%	44%	76%	73%	65%	74%	
Q1 2019	73%	48%	77%	73%	68%	70%	
Q2 2019	69%	45%	79%	69%	72%	75%	
Q3 2019	65%	38%	75%	70%	71%	71%	
Q4 2019	73%	33%	77%	75%	72%	76%	
Q1 2020	61%	19%	58%	53%	66%	72%	
Q2 2020	71%	20%	70%	59%	78%	75%	
Q3 2020	66%	28%	71%	63%	74%	69%	
Q4 2020	78%	28%	75%	73%	77%	79%	
Q1 2021	87%	35%	85%	76%	83%	80%	
Q2 2021	78%	34%	75%	70%	79%	79%	
Q3 2021	82%	37%	83%	75%	80%	83%	
Q4 2021	79%	37%	81%	72%	80%	80%	
Q1 2022	78%	33%	78%	66%	81%	85%	
Q2 2022	76%	26%	71%	65%	76%	73%	
Q3 2022	82%	36%	78%	73%	86%	80%	
Q4 2022	67%	58%	73%	75%	71%	76%	
Q1 2023	60%	39%	66%	73%	64%	70%	
Q2 2023	50%	41%	60%	63%	52%	64%	
Q3 2023	61%	44%	69%	73%	65%	79%	
Q4 2023	55%	45%	65%	75%	63%	70%	
Q1 2024	71%	47%	77%	76%	74%	79%	



Absa Homeowner Sentiment Index: KwaZulu-Natal

Period	Buying property	Selling property	Investing in property	Renovating property	Buy rather than rent	Overall sentiment
Q2 2017	61%	29%	77%	75%	64%	72%
Q3 2017	65%	39%	81%	79%	73%	77%
Q4 2017	65%	35%	87%	71%	68%	79%
Q4 2017	69%	46%	73%	78%	78%	80%
Q1 2018	65%	44%	79%	78%	69%	72%
Q2 2018	56%	56%	77%	69%	66%	65%
Q3 2018	55%	31%	73%	75%	65%	65%
Q4 2018	68%	35%	77%	78%	75%	72%
Q1 2019	62%	36%	78%	72%	67%	66%
Q2 2019	72%	39%	81%	81%	68%	70%
Q3 2019	63%	28%	83%	83%	70%	74%
Q4 2019	69%	39%	80%	78%	67%	71%
Q1 2020	57%	25%	65%	68%	65%	65%
Q2 2020	68%	18%	69%	59%	75%	71%
Q3 2020	75%	28%	86%	65%	74%	71%
Q4 2020	75%	35%	76%	70%	78%	77%
Q1 2021	77%	31%	77%	65%	75%	77%
Q2 2021	67%	44%	79%	71%	75%	73%
Q3 2021	80%	43%	80%	72%	84%	79%
Q4 2021	70%	44%	76%	73%	78%	77%
Q1 2022	68%	46%	70%	71%	78%	76%
Q2 2022	63%	38%	77%	64%	67%	75%
Q3 2022	63%	40%	72%	70%	72%	78%
Q4 2022	67%	58%	73%	75%	71%	76%
Q1 2023	65%	51%	71%	73%	63%	71%
Q2 2023	56%	39%	71%	72%	61%	77%
Q3 2023	65%	44%	74%	72%	71%	80%
Q4 2023	63%	43%	76%	72%	67%	77%
Q1 2024	72%	53%	85%	79%	73%	83%

% of respondents nationally with positive sentiment by sub-index



Absa Homeowner Sentiment Index: Inland and coastal provinces

% of respondents nationally with positive sentiment by sub-index

Sub-indices	Q2 2021		Q3 2021		Q4 2021		Q1 2022		Q2 2022		Q3 2022		Q4 2022		Q1 2023		Q2 2023		Q3 2023		Q4 2023		Q1 2024	
	Inland	Coastal	Inland	Coastal	Inland	Coastal	Inland	Coastal	Inland	Coastal	Inland	Coastal	Inland	Coastal	Inland	Coastal	Inland	Coastal	Inland	Coastal	Inland	Coastal	Inland	Coastal
Buying property	77%	72%	82%	80%	77%	75%	79%	74%	71%	68%	77%	69%	67%	69%	59%	63%	62%	54%	68%	65%	66%	61%	74%	69%
Selling property	35%	35%	38%	41%	39%	46%	43%	45%	40%	45%	46%	42%	48%	57%	43%	43%	45%	39%	47%	46%	50%	44%	50%	48%
Investing in property	75%	74%	83%	80%	80%	78%	81%	75%	79%	76%	82%	74%	79%	77%	70%	69%	76%	68%	79%	74%	78%	73%	83%	73%
Renovating property	69%	69%	74%	74%	73%	72%	76%	75%	75%	70%	75%	70%	80%	74%	71%	73%	74%	70%	76%	73%	75%	75%	80%	75%
Buy rather than rent	78%	76%	82%	84%	79%	76%	79%	80%	73%	69%	77%	74%	70%	73%	58%	64%	64%	58%	70%	67%	69%	64%	75%	64%
Overall sentiment	79%	73%	83%	80%	78%	79%	84%	77%	79%	76%	84%	79%	78%	79%	75%	70%	81%	75%	82%	81%	80%	76%	84%	76%

Inland provinces: Free State, Gauteng, Limpopo, Mpumalanga, North West, Northern Cape

Coastal provinces: Eastern Cape, KwaZulu-Natal, Western Cape



Compiled by:

Absa Home Loans



15 Troye Street
Johannesburg, 2001
South Africa
PO Box 7735
Johannesburg, 2000

Contact details:



Absahomeloans@absa.co.za



www.absa.co.za



The information in this publication is derived from sources that are regarded as accurate and reliable, is of a general nature only, does not constitute advice, and may not apply to all circumstances. Detailed advice should be obtained in individual cases. No responsibility for any error, omission or loss sustained by any person acting, or refraining from acting, as a result of this publication, is accepted by Absa Group Limited and/or the authors of the material.

Your story matters

