The Absa Homeowner Sentiment Index (HSI)

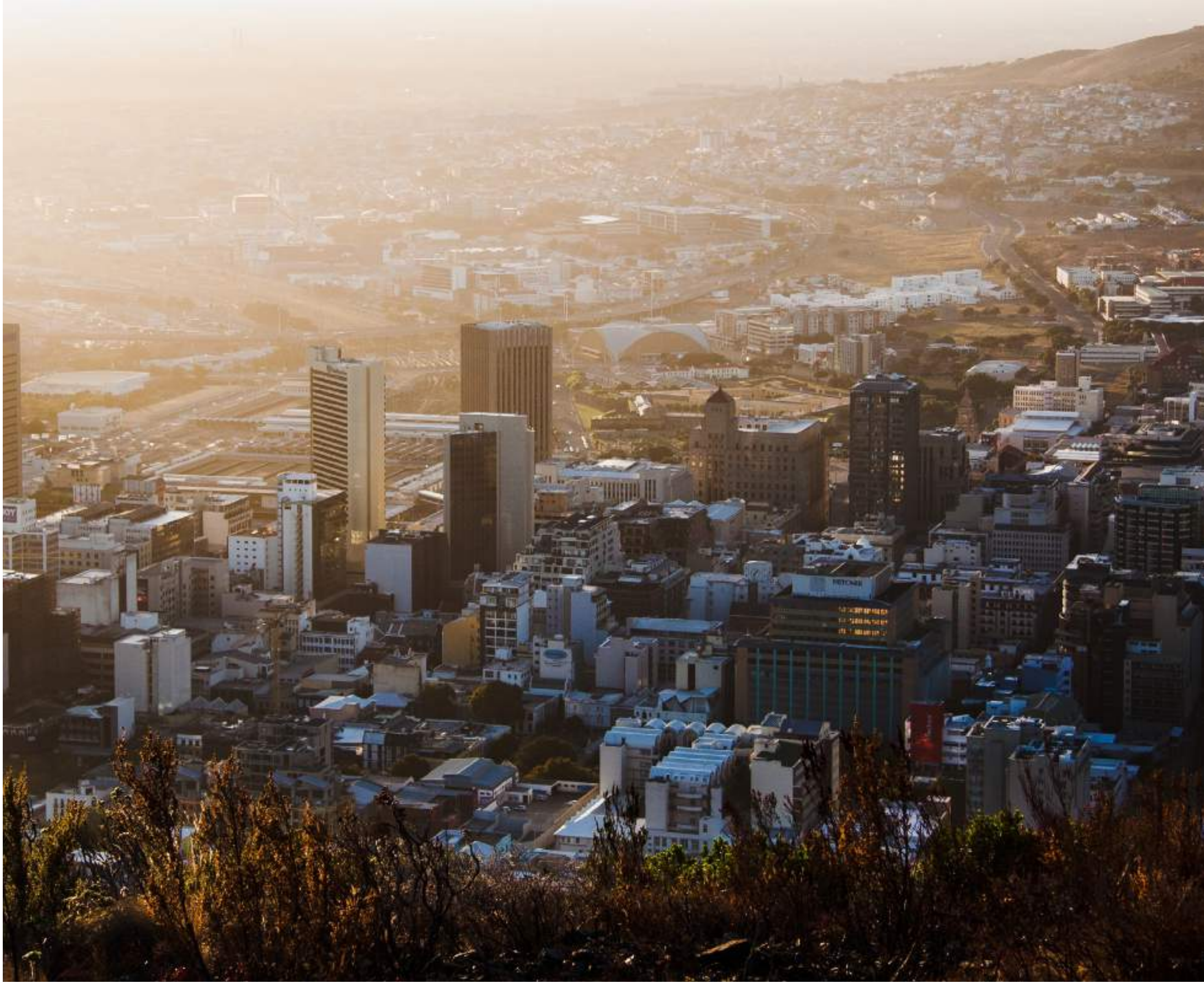
Q2 2024 Quarterly Report

A leading indicator of the overall state of consumer confidence in South Africa's property market

Your story matters

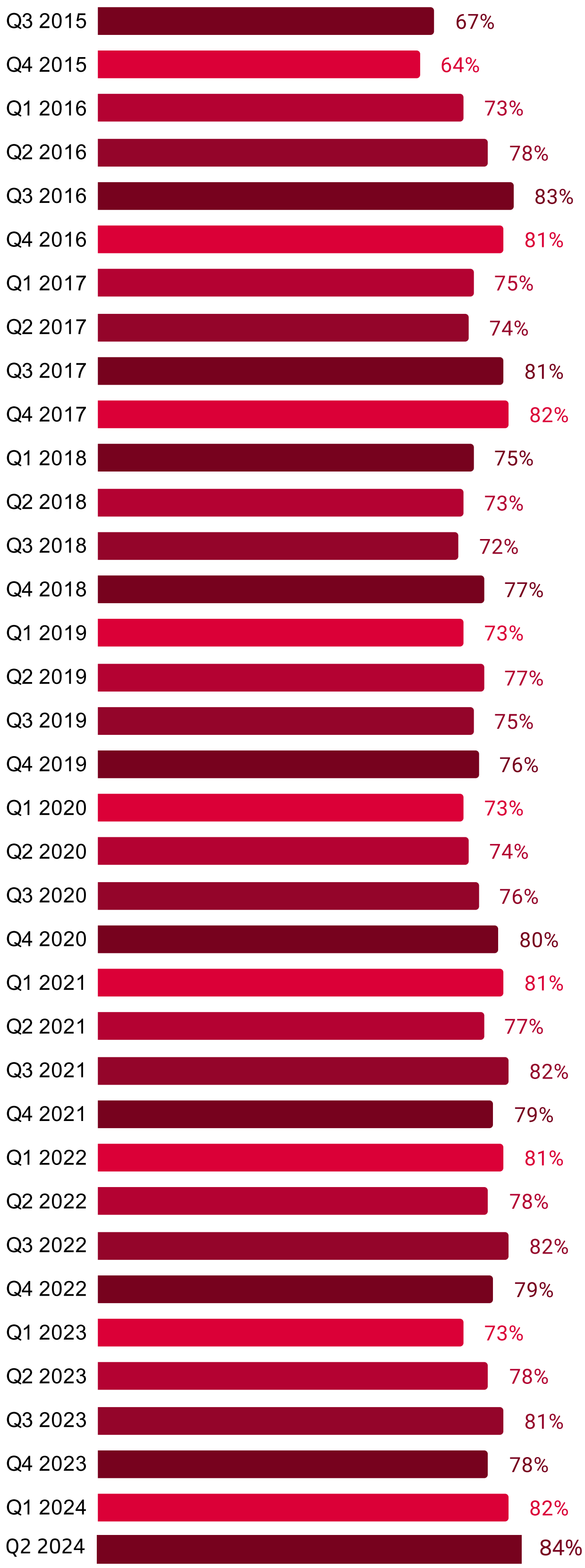
absa


TO OUR NEW



What is the HSI?

HSI over time



The Absa Homeowner Sentiment Index (HSI) is an indicator of the overall state of consumer confidence in South Africa'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 concerning the current timing for buying, selling, investing, buying rather than renting, and renovating property. The index presents a customer-centric view, involving more than 1 000 consumers.

The Absa Homeowner Sentiment Index Consumer Study was first developed in 2015.

In 2023, a need was identified for the study to be revamped to accommodate new market trends.

In Q2 of 2023, the target sample was increased in order to have a more robust view of consumer sentiment within smaller provinces. In addition, an ad-hoc section in the questionnaire and reports were developed in order to gain more insight into behavioural drivers for homeownership decisions and sentiments around alternative power solutions.

These additions have been instrumental in learning about drivers and challenges for consumers in the homeownership market and has helped identify opportunities for Absa to fill much needed gaps.

Overview Video

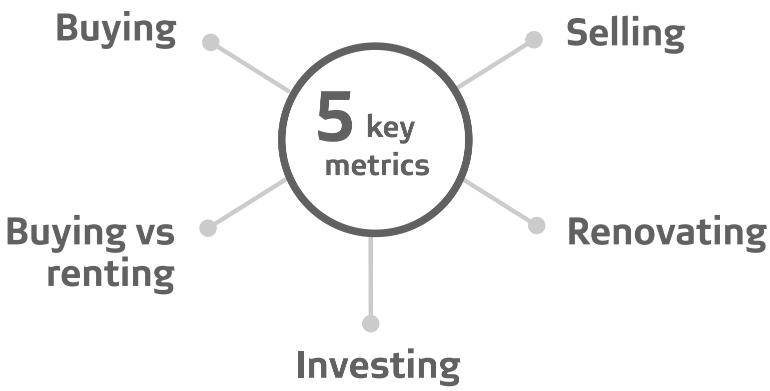
Gain insights into South Africa's property market with the Absa Homeowner Sentiment Index, featuring perspectives from Absa industry experts on market trends and consumer sentiment.

Explainer Video

The Absa Homeowner Sentiment Index informs South Africa's property market with consumer confidence insights, shaping a customer-centric industry through localised data and behavioural trends.

HSI methodology

The Index Then



The Methodology

The index asked five key questions to a representative sample of South African consumers living in Metropolitan areas, cities and large towns earning an income.

AMPS (All Media and Product Survey) data (Jun 2014 - Jun 2015) was used to match study sample with population make-up.

Data Collection

Data was collected through Human8's proprietary panel – Enlighten.

The following provinces' base sizes were historically under n=50, limiting analysis and insights potential:

Limpopo; Mpumalanga; Free State; North West; Northern Cape

Sample

Total sample target per wave: n=1 000

Consumers who are decision makers with regard to household matters.

Look out for this icon throughout the report to easily spot the new study improvements.

The Index Now

6 key metrics

- Overall confidence in the property market
- Buying
- Selling
- Investing
- Renovating
- Buying vs renting

The Methodology

The index asks six key questions to a representative sample of South African consumers living in metropolitan areas, cities and large towns earning an income.

MAPS (The Marketing All Product Survey) data is used to match and update this sample to population statistics.

Age, gender, race and province were weighted to be representative of MAPS.

Two New Ad-Hoc Sections Now Included in the Survey

1. **Five new open-ended questions**, investigating reasons why consumers have decided to make homeownership decisions in the last year.

2. **Four new closed-ended questions** ascertaining appetite for alternative power solutions, importance factors in investing in alternative power solutions and awareness of financing solutions and future homeownership concerns.

Data Collection

We managed to achieve a **more robust base size for the following provinces** as a result of the sample increase:

Limpopo; Mpumalanga; Free State; North West

Sample

Total sample target per wave is increased by 30% to n=1 300

Consumers who are decision makers with regard to household matters.

Statistical data significance is indicated throughout this report by arrows signalling significant upward or downward movement.

This indicates a meaningful statistical change in the data and that change is not a result of chance.

Emerging Homeownership Trends

Homeownership trends

Homeownership in context

The following trends are surfacing when considering homeownership decisions in 2024.

Solo female homeowners

There is an increasing trend towards **single women** applying to purchase homes more so than men. In addition, many of these South African buyers are **young, black females**. This subgroup of homeowners are becoming key drivers of the property ownership space.

First-time homeowners

Over 60% of South Africans who apply for home loans are **first-time buyers**. Many of these consumers are hungry for better financial and property guidance in order to make more effective and informed decisions.

Rental property conversion

Renting out properties for a **secondary income** continues to be an emerging trend, especially for short-term rentals. For renters, renting still provides a level of flexibility and affordability

Going off grid

Going **off grid** completely is **less of a driver** for consumers in the current moment, likely as a result of the recent energy supply recovery.

Increasing interest and investment in sustainable homes

Homeowners and buyers are increasingly becoming more **eco-conscious** and making homeownership decisions with this sustainability factor as a key driver.

Q2 2024
homeownership trends

For Q2 2024, a total of 1 263 respondents were interviewed. Data was weighted to be representative of population figures (based on MAPS proportions). The sample focuses on consumers in metropolitan areas, cities and towns and those who earn an income.

Confidence in Property Market

Overall consumer confidence in the property market has been trending upward in the past year, with notable improvements in confidence since a year ago.

Selling property continues to garner **low confidence,** likely driven by the current buyer's market.

- **84%**
  Overall consumer confidence
- **80%**
  Highest confidence metric: Appropriate time to invest
  Appropriate time to renovate
- **47%**
  Lowest confidence metric: Appropriate time to sell

Drivers of Property Decisions

With **joint-living situations** having **increased** in Q1, this has potentially driven **less isolated** decision making currently.

Additionally, household income in the R30K-R39K bracket has **significantly recovered**.

- **50%**
  Sole decision-making

Household income
R30 000 to R39 999

Appetite for Alternative Power Solutions (APS)

Reducing electricity costs remains one of the most important factors in APS investment, but **slightly lower than in Q1 2024** due to the recovery in the stability of power provision.

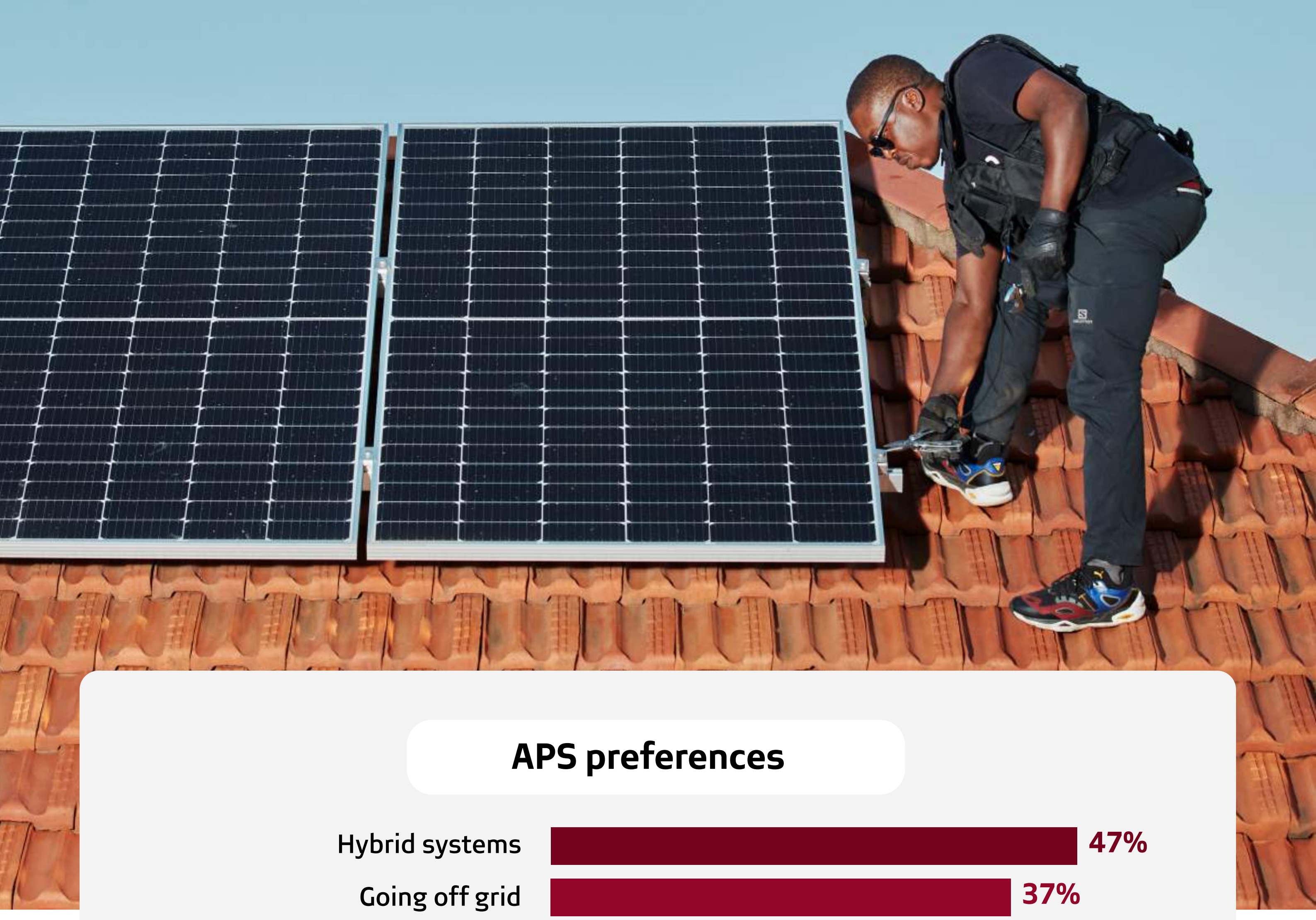
Preferred APS
Hybrid: **47%**
Going off-grid: **37%**
Interrupted power supply: **30%**

- **69%**
  Most important APS factor:
  Reducing electricity costs

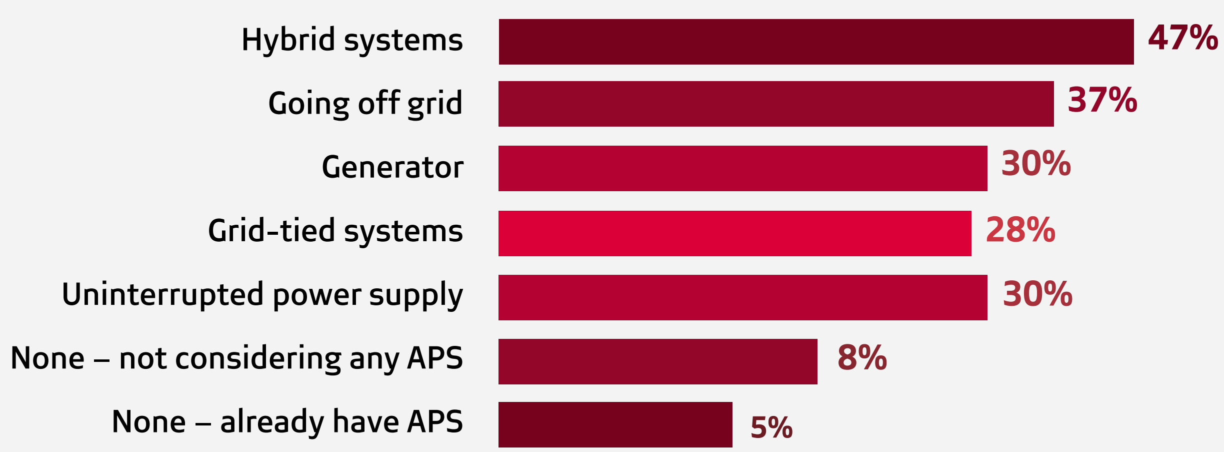
Read more on the Q2 results →

Alternative power solutions

Appetite for investing in alternative power solutions is showing some declines, given that in first half of the year, we still had a stable power supply after elections. Significant declines in interest are among going off-grid and grid-tied systems.



APS preferences



We cannot afford it at all. Everything is just so unaffordable for everyone. The best we can do is convert from using electricity for cooking to cooking on gas or fire.

(35-44 yrs, Female, R15K-R29K PMI)

We are comfortable with the status quo, and confident that the power situation will improve.

(65+ yrs, Male, >R30K PMI)

The initial outlay cost. For now, it's easier working around loadshedding schedules.

(45-54 yrs, Male, R15K-R29K PMI)

You mentioned that you are not considering installing any alternative power solutions. **Can you tell us a bit about why you are not considering this?**

Loadshedding will not last forever.

(55-64 yrs, Male, R25K-R29K PMI)

It is currently expensive to install an alternative power supply now. In addition, the electricity supply is getting better and is stable.

(55-64, Male, >R30K PMI)

Pricing, quality, installation, rebates, future economic trends - all aspects that I will rather wait to see what happens in two years time.

(35-44 yrs, Male, >R30K PMI)

Power supply that satisfies needs

Reducing electricity costs and longevity of alternative power supplies remain most important for consumers.

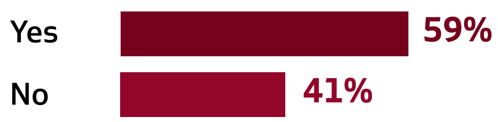
Reducing electricity costs and warranties and guarantees continue to hold the most importance when it comes to investing in alternative power solutions, although reducing electricity costs to a lesser degree compared to Q1.

Government assistance for power solutions

While awareness of the government tax rebate for solar installations and its limited duration is fairly widespread among South Africans, the understanding of the Bounce Back Energy Loan scheme remains weak.

The South African Government offers a tax rebate for solar panel installations?

The tax rebate for solar panel installations is available only for a limited time period?

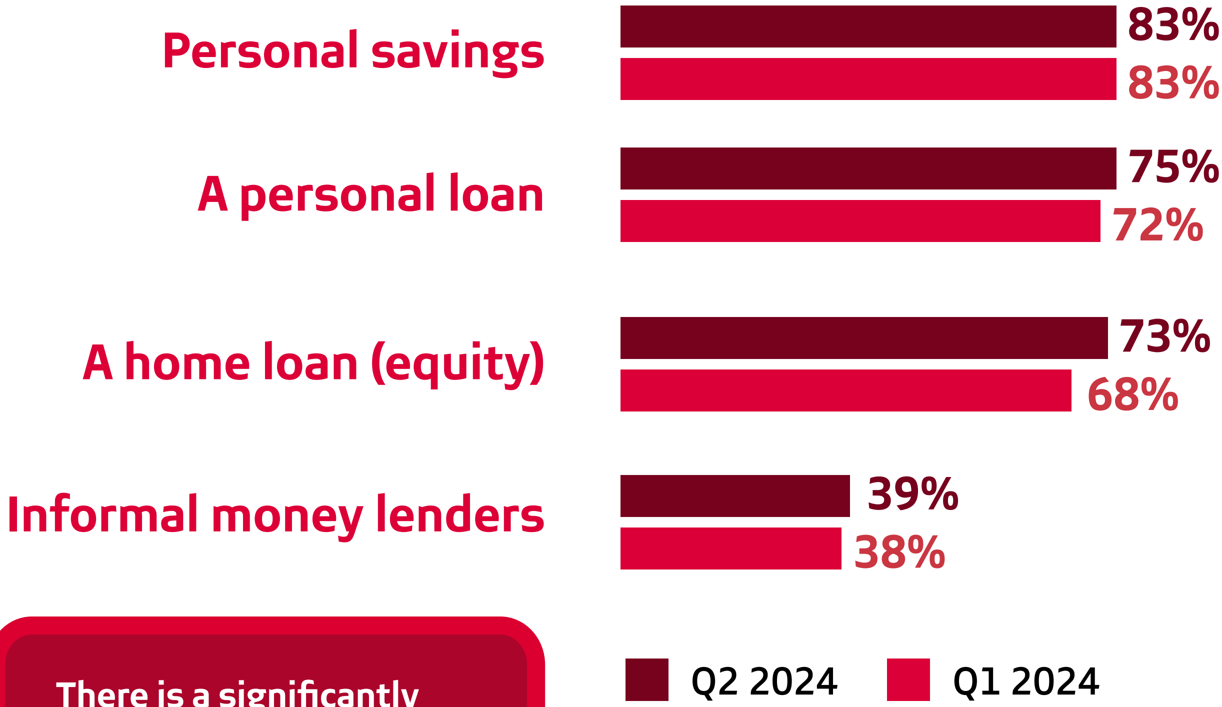


The Bounce Back Energy Loan scheme is available only for a limited time period?

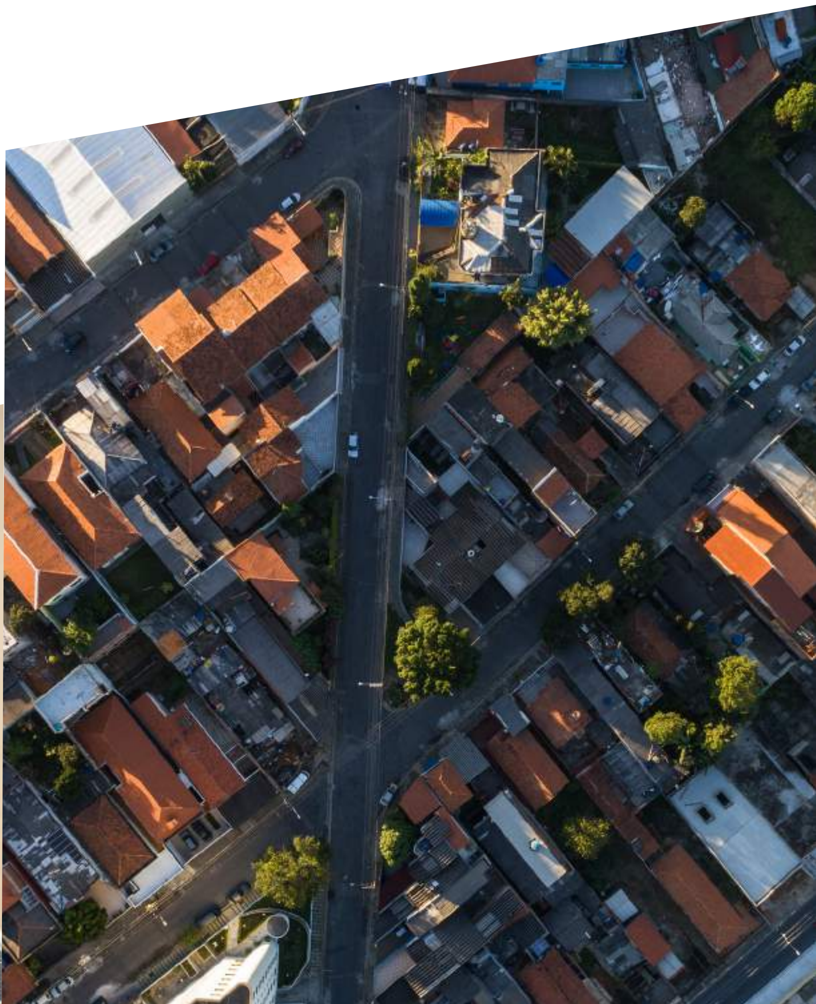
The South African Government provides a Bounce Back Energy Loan scheme?

Funding alternative power solutions

Repondents would use the following to finance an alternative energy solution for their home. This reflects a sliding scale of preference



There is a significantly higher appetite in the current quarter for pursuing home loans to finance alternative power solutions compared to the previous year and early 2024.

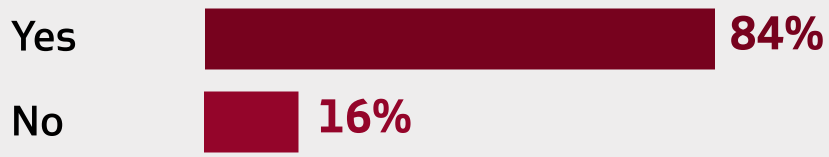


Extreme weather conditions posing a threat against property

South Africans continue to aspire towards coastal property ownership, albeit to a lesser extent in lowveld/bushveld areas. Homeowners express significant concern about extreme weather conditions jeopardising property as a financial asset.

Extreme weather conditions (such as floods and winds) are a concern, and I will be investigating whether my property is adequately covered.

I would one day actively pursue owning a property along the South African coastline.



I would one day actively pursue owning a property in the lowveld/bushveld.

HSI Q2 2024 summary

HSI Q2 2024 summary

Confidence is highest among perceptions of the current moment being the right time to invest in property and to renovate/make alternations to property. Confidence in the current moment being appropriate to sell property continues to be the lowest sentiment.

Though the main HSI metrics have not shifted significantly compared to the previous quarter, consumers from the Western Cape consistently show poorer confidence in the property market across all metrics compared to Q1.

Key summary

Overall consumer confidence in the South African property market increased in Q2 2024 by

2pp to **84%**

from **82%** in Q1 2024.

"Are you currently confident about the property market in South Africa?"

Buy sentiment

70% of respondents responded positively, opposed to 72% in the first quarter 2024.

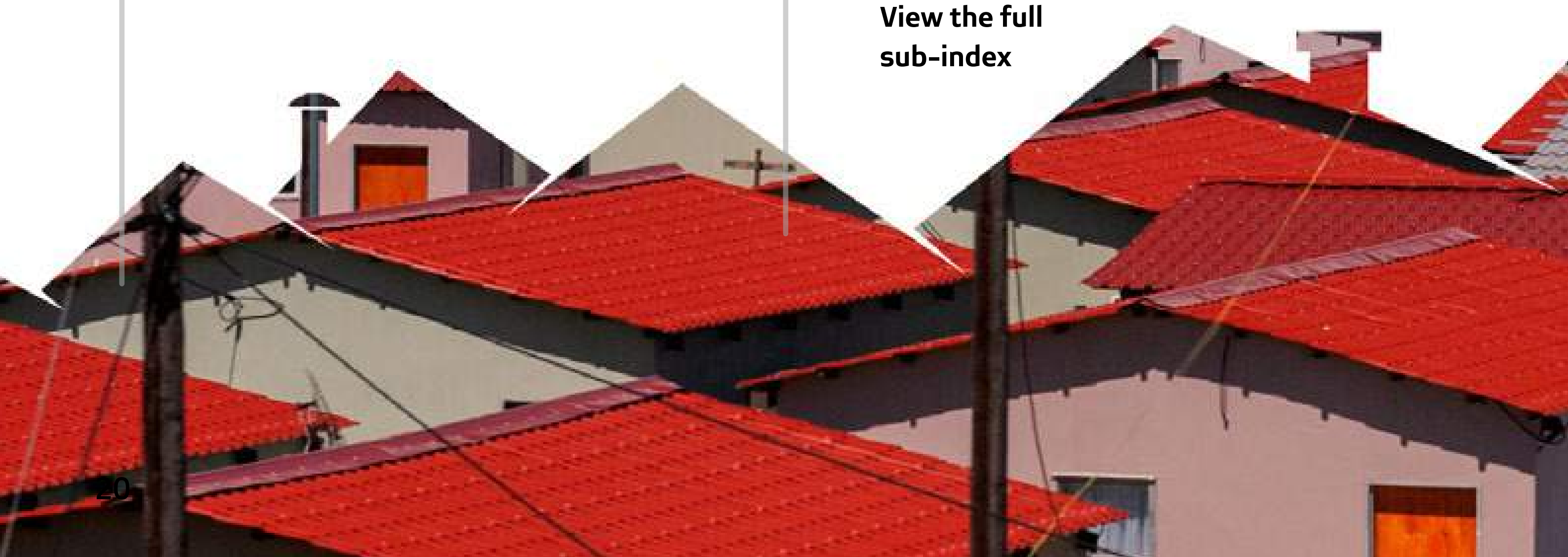
The buy sentiment improved significantly, by 12%, compared to Q2 2023. Buy sentiment has been on a consistent downward trend since the upturn in the interest rate cycle since Q4 2021, but consumers are starting to signal their intent to buy property.

View the full sub-index

Sell sentiment

The sell sentiment **declined slightly, by 2%** to 47% in Q2 2024, compared to Q1 2023, but was 4% higher than in Q2 2023. Sellers feel less positive that they can get the price they want for their properties and that if they don't have to sell, they would rather wait. Some (41%) say that if a property becomes unaffordable it is better to sell. 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 2023.

View the full sub-index



Buy vs rent sentiment

The buy vs rent sentiment (potential future buyers who are currently renting) **declined by 2%** to 71% in Q2 2024, compared to Q1 2024, but increased by 10% compared to Q2 2023.

Many respondents said that they have now saved enough to afford a deposit for 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.

View the full sub-index

Invest sentiment

The invest sentiment **declined by 2%** to 80% in Q2 2024, compared to Q1 2024. This is the highest level this sentiment has averaged since Q1 2021 and an indication that property investors still feel that it is an opportune time to invest for future value and returns. When asked to indicate if it is a good time to invest, 9% of respondents were less negative than the previous quarter.

View the full sub-index

Renovate sentiment

The renovate sentiment (homeowners' sentiment about making improvements or alterations) **increased by 1%** to 80%, compared to Q1 2024, and by 7% compared to Q2 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 to properties. The high cost of materials remains a key detractor.

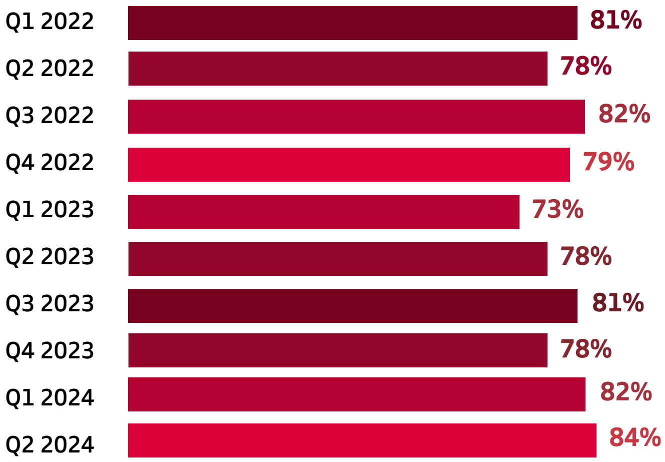
View the full sub-index

HSI sentiment insights

Overall HSI sentiment

Q2 2024

Overall HSI results trend



Key summary

Overall, consumer confidence in the South African property market increased in Q2 2024 by

2pp to 84%

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

Q

"Are you currently confident about the property market in South Africa?"

A

With **84% reporting confidence in the property market**, this is driven by the perception of property being a **secure asset** that will create sufficient wealth in the long term.

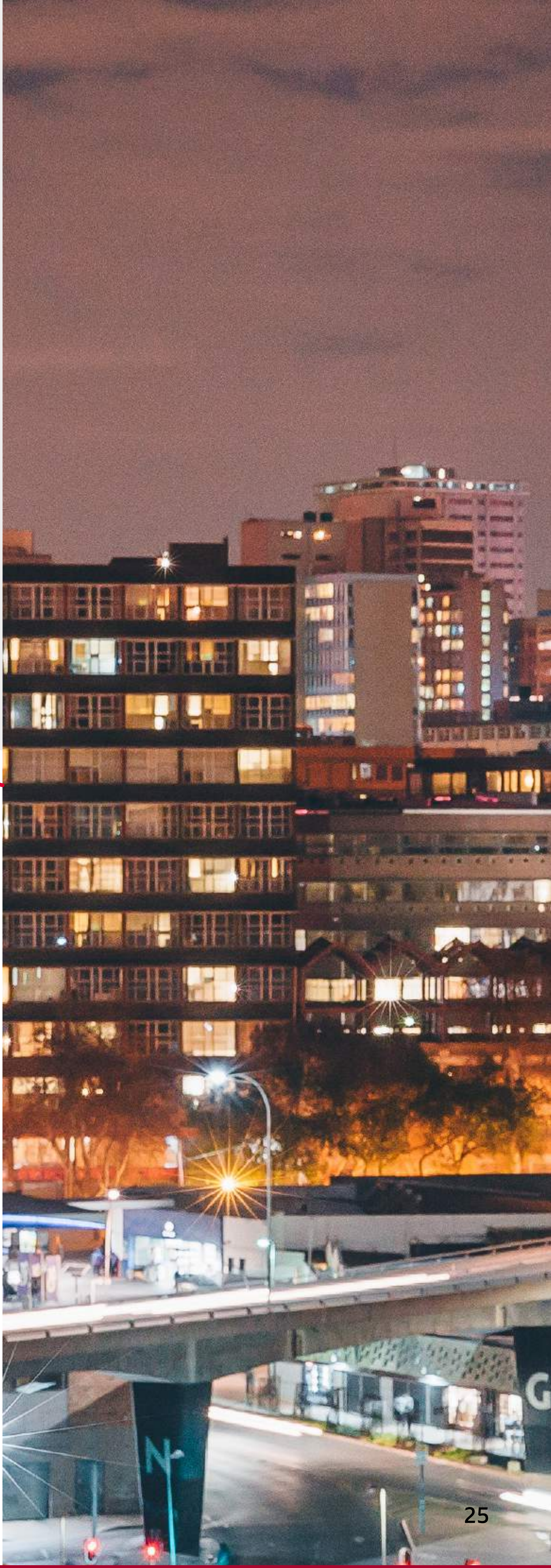
This is a signal of the resilience of South African consumers but also a deep sense of optimism in an upturn in property market activity in the medium to longer term.

Main drivers of positive sentiment:

- **45%**
  believe it depends on the **location** of the property
- **54%**
  believe property always **increases in value**
- **53%**
  believe that property creates **long-term income**
- **45%**
  believe there is a **high demand** for rental properties

Main drivers of negative sentiment:

- **61%**
  are concerned that the **economy is unstable**
- **50%**
  are concerned about the **political instability** in South Africa
- **37%**
  are concerned about the **crime levels**
- **49%**
  are concerned about high **unemployment**
- **46%**
  are concerned that property has become very **expensive**
- **40%**
  are concerned that **buying power** has decreased



Buying property

1.1 Quantitive insights

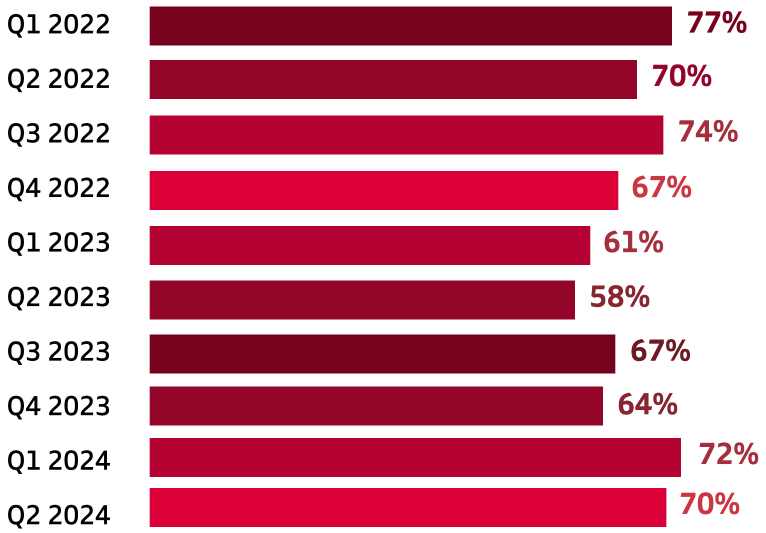
Key summary

The buy sentiment declined by

2pp to 70%

in Q2 2024 after a downward spiral since 2022.

Buying sentiment



Q

"Are you currently confident about the property market in South Africa? Is now the appropriate time to buy?"

A

70% of respondents responded positively, opposed to 72% in the first quarter 2024.

The buy sentiment improved by 6% to 70% compared to Q4 2023 and 12% 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.

Statistical data significance is indicated throughout this report by arrows signalling significant upward or downward movement.

This indicates a meaningful statistical change in the data and that change is not a result of chance.

Main drivers of positive sentiment:

- **59%**
  believe that property is always a **good investment**
- **50%**
  believe that property **accumulates in value**
- **40%**
  believe that you can make **good profit**
- **36%**
  believe there are some **bargains** out there
- **41%**
  believe that prices will **increase**

Main drivers of negative sentiment:

- **57%** ↗ 2pp
  are concerned about **high interest rates**
- **59%** ↗ 4pp
  are concerned that the economy is **unstable**
- **57%** ↗ 4pp
  are concerned that the **cost of living** is high
- **52%** ↗ 2pp
  are concerned that **prices are high**
- **39%** ↘ 7pp
  other mentions include that the **Rand is weak**
- **46%** ↗ 6pp
  are concerned about high **unemployment**

Buying property

1.2 Qualitative insights

For those who have recently purchased property, drivers include investing in a long-term, future asset, realising a financial goal and needing to accommodate a changing personal and professional life stage.

Respondent word cloud

I decided to buy a house recently due to financial stability and investment opportunities, as well as to meet personal and family needs. The location was ideal, and favourable market conditions made it a timely decision.

(35-44 yrs, Male, >R30K PMI)

Because it gives me a sense of security and it's an investment.

(25-34 yrs, Female, >R30K)

I wanted to get an asset that I can keep forever for my family.

(25–34 yrs, Female, <30K PMI)

Q

You mentioned that you have bought within the last 12 months. **Can you tell us a bit about why you decided to do this recently?**

Rent was too expensive and I needed more space. I had the funds, so I decided to move forward with buying a house.

(18-24 yrs, Female, <R15K PMI)

I had been saving since I started working, and I was able to purchase the house over the last 12 months.

(25-34 yrs, Male, <R30K PMI)

Selling property

2.1 Quantitive insights

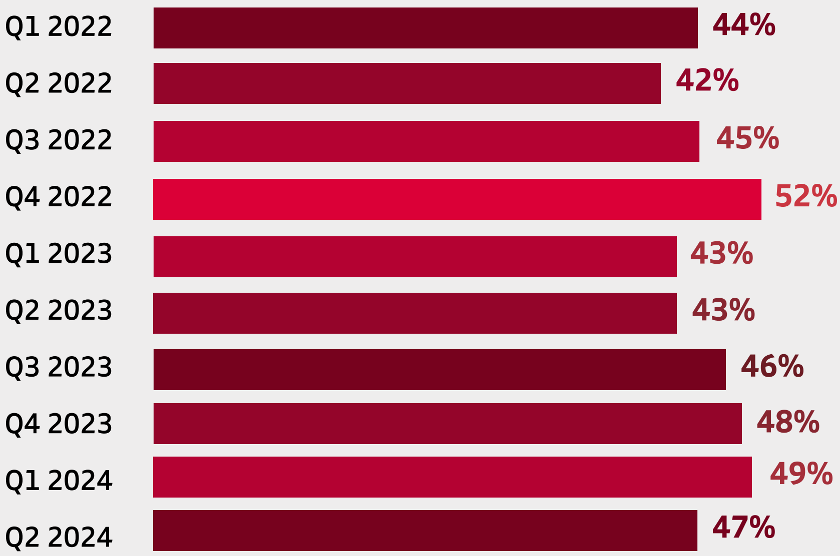
Key summary

The sell sentiment declined by

2pp to **47%**

in Q2 2024, but was 4% higher than in Q2 2023.

Selling sentiment



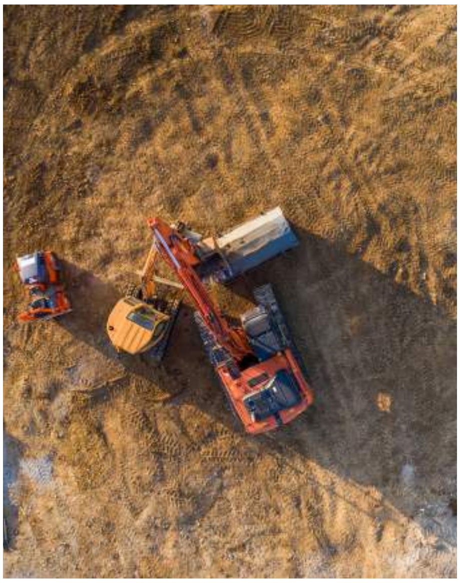
Q

"Are you currently confident about the property market in South Africa? Is now the appropriate time to sell?"

A

The sell sentiment **declined slightly, by 2%** to 47% in Q2 2024, compared to Q1 2024, but was 4% higher than in Q2 2023.

Sellers feel less positive that they can get the price they want for their properties and that if they don't have to sell, **they would rather wait**. Some (41%) say that if a property becomes unaffordable, it is better to sell.



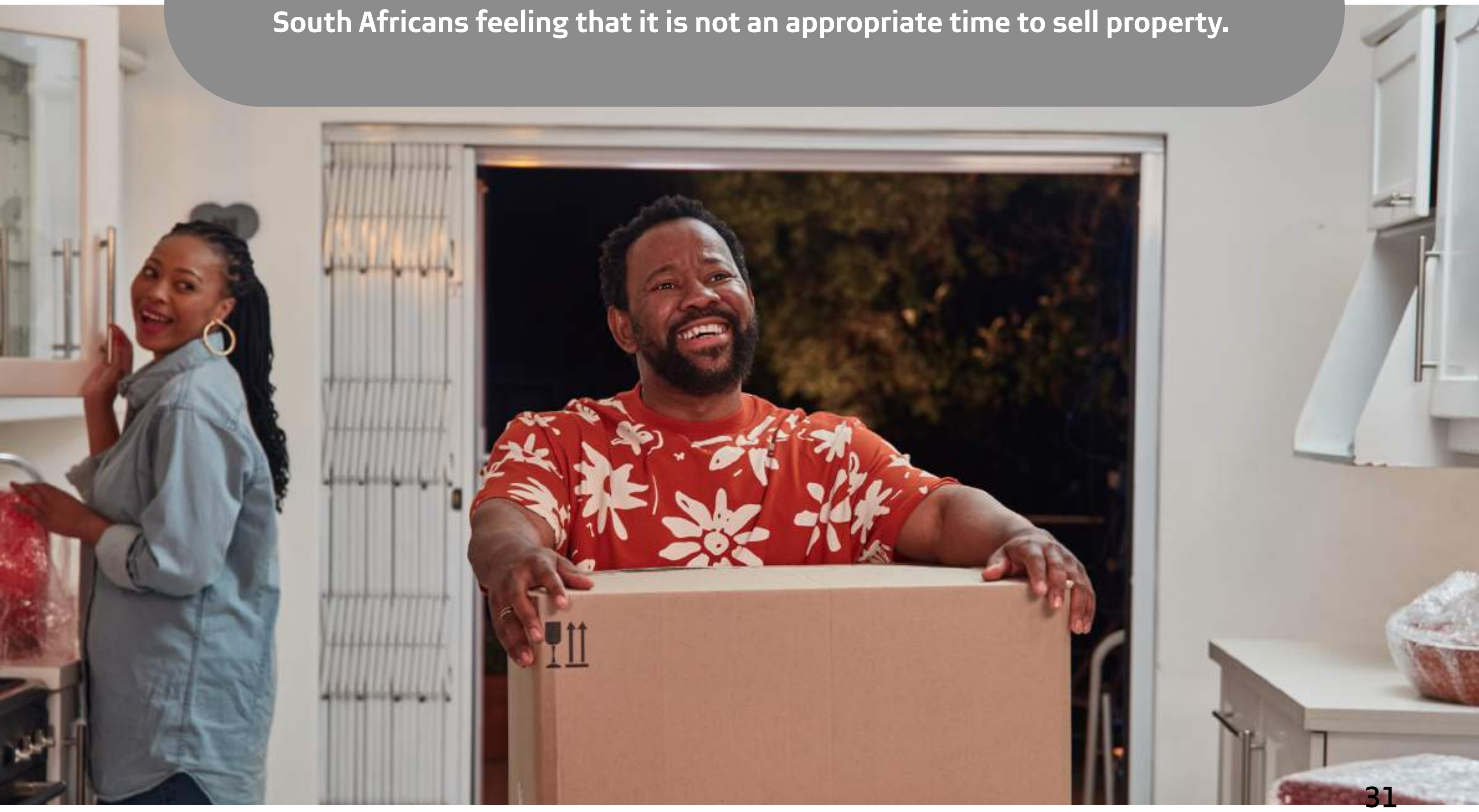
Main drivers of positive sentiment:

- **54%**
  believe you can get a **good price** for your property
- **41%**
  believe it is good to rather **sell** if you can **no longer afford** the property
- **45%**
  believe it is good to rather **sell** if you are **upgrading**
- **42%**
  believe that the property market is **doing well**
- **23%**
  believe that it is now **easy to sell**

Main drivers of negative sentiment:

- **46%**
  are concerned that the economy is **unstable**
- **41%**
  would rather keep the property as an **investment**
- **37%**
  would rather wait a few more years for the property to **appreciate in value**
- **30%**
  believe there are **too many properties on the market**

Sentiments around selling property are more divided, with half of South Africans feeling that it is not an appropriate time to sell property.



Selling property

2.2 Qualitative insights

Among the small proportion of consumers who have recently decided to sell their property, they cite needing to replace currently owned property in preparation for a better investment, needing to free up cash and upgrading.

Respondent word cloud

"Financial problems were above me, so I decided to sell.

(35-44 yrs, Male, >R30K PMI)

Q

You mentioned that you have sold within the last 12 months. **Can you tell us a bit about why you decided to do this recently?**

"I wanted to move to a much bigger house than the previous one.

(45-54 yrs, Female, R15K-R29K PMI)

"Because selling a house is part of my investment, I have to let go of the past in order to cling to the future.

(25-34 yrs, Male, R15K-R29K PMI)

"I sold that house to purchase a better one at a better place. I have compared the two, and with this house I have, I will make a good investment.

(25-34 yrs, Female, >R30K PMI)

Investing in property

3.1 Quantitive insights

Invest sentiment

Q1 2022	78%
Q2 2022	78%
Q3 2022	79%
Q4 2022	78%
Q1 2023	70%
Q2 2023	72%
Q3 2023	77%
Q4 2023	76%
Q1 2024	82%
Q2 2024	80%

Key summary

The investment sentiment is down by

2pp to **80%**

in Q2 2024.

Confidence in property investment is showing significant improvement since Q2 2023, largely due to anticipated future value and current rental demand.

"Are you currently confident about the property market in South Africa? Is now the appropriate time to invest in property?"

The invest sentiment declined by 2% to 80% in Q2 2024, compared to Q1 2024. This is the highest level this sentiment has averaged since Q1 2021 and an indication that property **investors in property still feel that it is opportune to invest for future value and returns.**

Main drivers of negative sentiment:

- **56%**
  are concerned that the economy is **not performing well**
- **39%**
  are concerned that the Rand is **weak**
- **40%**
  are concerned that **prices are high**
- **34%**
  expressed concern for **SA's future**
- **35%**
  are concerned about **job security** and unemployment and that tenants can't afford to pay

Main drivers of positive sentiment:

- **53%**
  believe property always **accumulates in value**
- **49%**
  believe you will make a **good return**
- **49%**
  believe that there is **demand** for rental properties
- **52%**
  believe that it is a good source of **passive income**
- **46%**
  believe here will be a **high demand** for property in the future

Investing in property

3.2 Qualitative insights

Property ownership for investment is driven by a common goal of having a stable and high-yielding asset as well as consumers realising the advantages of the current buyer's market.

Respondent word cloud

I think this past year was finally the right time for me to jump on the investment property bandwagon. A few things really pushed me to make a move. One was definitely the potential for appreciation. Everyone keeps talking about how real estate prices just keep going up, and honestly, I don't see that changing anytime soon. Especially with inflation the way it is, I wanted to invest in something real, something that would hold its value.

(35-44 yrs, Male, >R30K PMI)

I want to have investment by the time I have kids, so they will have something to hold on to. It's for my legacy.

(25-34 yrs, Male, <R30K PMI)

You mentioned that you have bought for investment within the last 12 months. **Can you tell us a bit about why you decided to do this recently?**

As recent inflation has been going rapidly and the economy is bad right now, this particular property has been ever since an asset that generates its own income.

(18-24 yrs, Male, <R15K PMI)

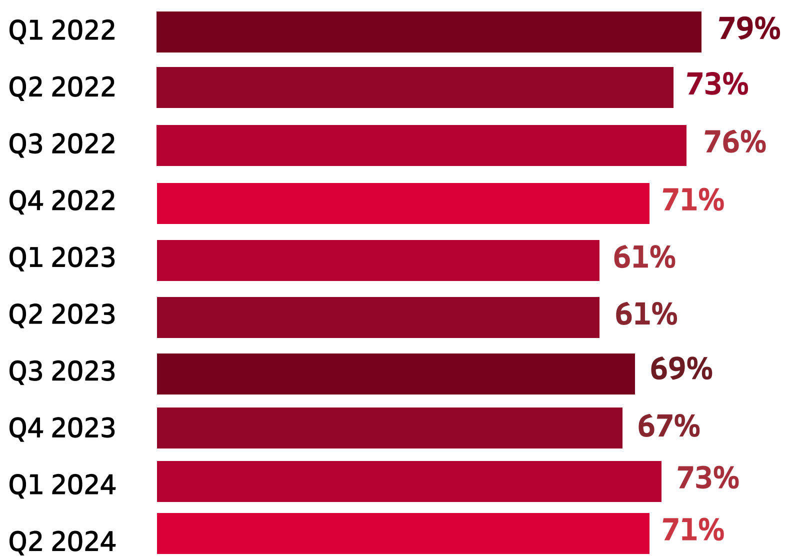
This is a long-term investment for me, I feel it makes money for me in my sleep essentially. I get to bring back all the money I put without forgetting the risks that comes with it.

(25-34 yrs, Female, <R30K PMI)

Buying rather than renting

4.1 Quantitive insights

Buy-vs-Rent sentiment



Key summary

Potential future buyers currently renting or buy-vs-rent sentiment declined by

2pp to 71%

in Q2 2024, but increased by 10% compared to Q2 2023.

"Are you currently confident about the property market in South Africa? Is now the appropriate time to buy or rent?"

The buy vs rent sentiment (potential future buyers who are currently renting) declined by 2% to 71% in Q2 2024 compared to Q1 2024 but increased 10% compared to Q2 2023.

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

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.

Main drivers of positive sentiment:

- **54%**
  believe it is **better to own** rather than rent
- **50%**
  believe if you can afford to, rather **buy** than rent
- **43%**
  believe renting is more **expensive**
- **41%**
  believe property will **accumulate in value**

Main drivers of negative sentiment:

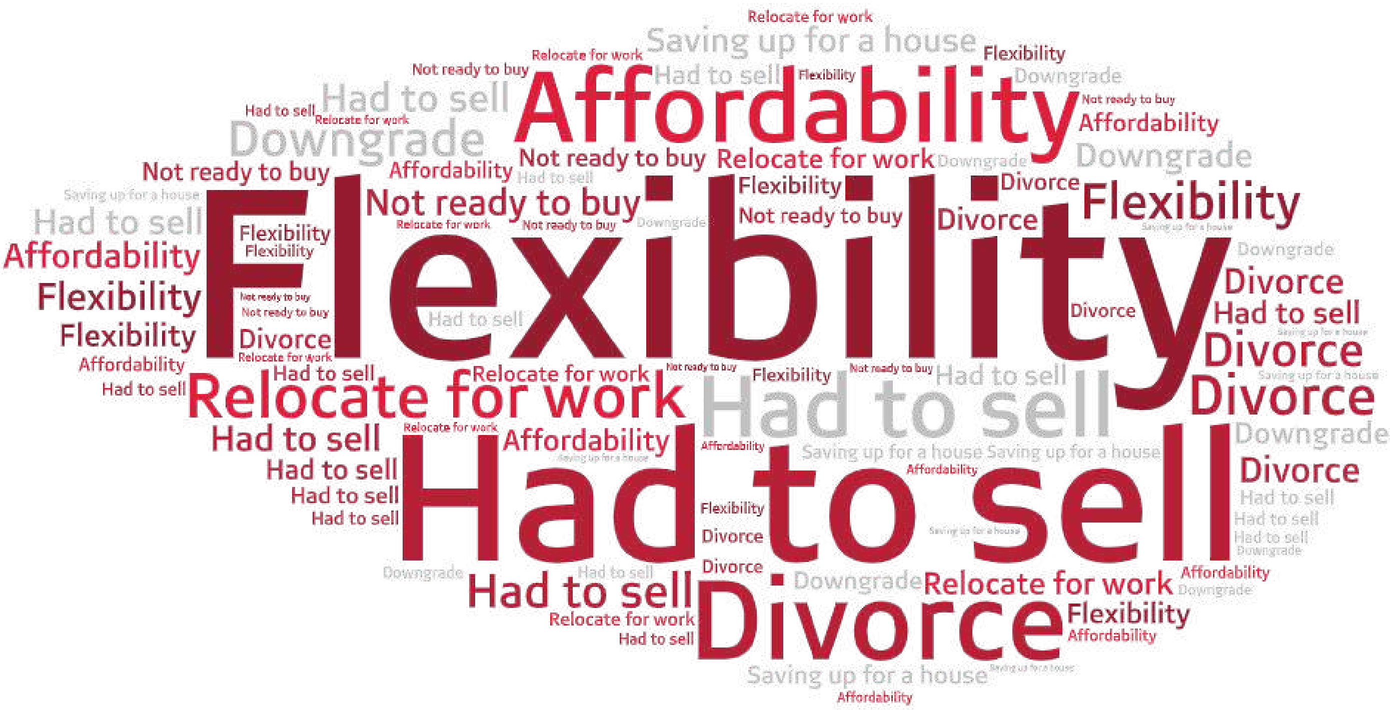
- **49%**
  believe renting is more **flexible**, with less commitment required
- **36%**
  believe that buying includes maintenance costs or transfer fees which can be **expensive**
- **35%**
  cannot afford to buy property right now
- **31%**
  believe that renting is **easier**
- **30%**
  are concerned that the property market is currently **not stable**

Buying rather than renting

4.2 Qualitative insights

Consumers who have recently rented have done so for various reasons, including needing to downgrade, needing flexibility and being financially forced to sell their properties.

Respondent word cloud



Had to sell my house and downgrade as we could not afford the repayments and we could do with a smaller place.

(45-54 yrs, Male, R15K-R29K PMI)

“I needed a place that is close to work and also affordable. This would help me to cut cost of fuel and give me independence.

(35-44 yrs, Male, >R30K PMI)

Q

You mentioned that you have rented within the last 12 months. **Can you tell us a bit about why you decided to do this recently?**

We sold our house and are currently only renting to get back on our feet financially before considering buying a new house in the future

(25-34 yrs, Female, R15K-R29K PMI)

We had to sell our previous property and could not find a suitable property with the funds available at the time.

(25-34 yrs, Male, R15K-R29K PMI)

Renovating property

5.1 Quantitive insights

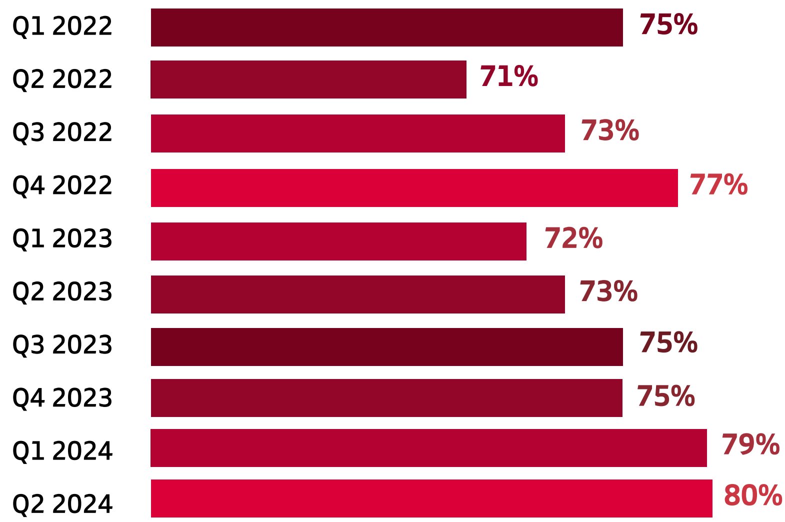
Key summary

The renovate sentiment increased by

1pp to **80%**

compared to Q2 2024, and by 7% compared to Q2 2023.

Renovate sentiment



Q

"Are you currently confident about the property market in South Africa? Is now the appropriate time to renovate property?"

A

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 to properties. The high cost of materials remains a key detractor.

South Africans are renovating out of necessity while acknowledging that the **economy is currently not doing well** (up 6% from Q1 2024). 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 living needs. Affordability remains a key consideration as consumers indicate that they need to spend sparingly until the economy stabilises.

Main drivers of positive sentiment:

- **59%**
  believe renovating **increases the value** of your property
- **59%**
  believe that renovating will bring **better returns** when selling
- **61%**
  believe that it's good to **update** your property
- **46%**
  believe that it's a good time to renovate if you have **cash**
- **47%**
  believe that improvements are needed for **security** reasons

Main drivers of negative sentiment:

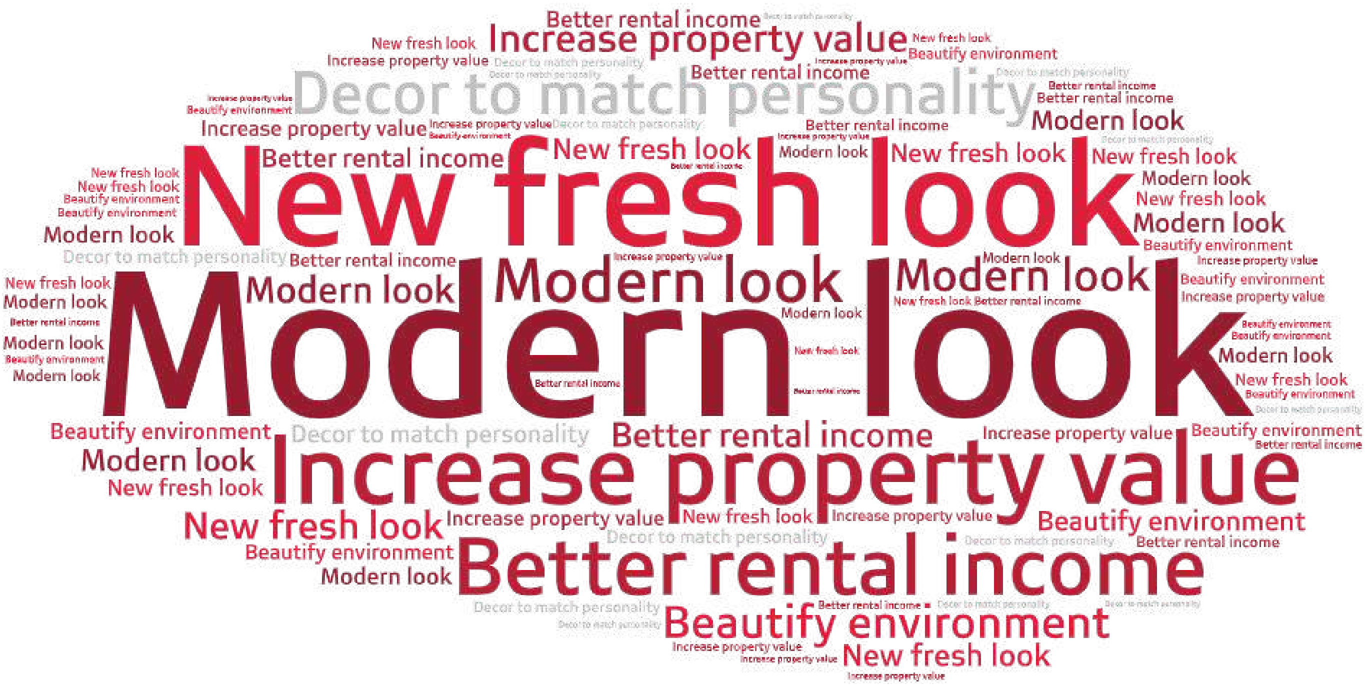
- **46%**
  are concerned that the economy is **not performing well**
- **39%**
  cannot afford to renovate right now
- **39%**
  believe that **materials** are expensive at the moment
- **35%**
  want to **spend sparingly** until the economy stabilises

Renovating property

5.2 Qualitative insights

Recent renovations have been done by consumers mainly to increase property value and rental potential, as well as to create a more comfortable and fresh living environment that matches consumers' unique décor preferences.

Respondent word cloud



I wanted my house to have designs that matches my personality and style.

(25-34 yrs, Female, >R30K PMI)

The bachelor flat I purchased as an investment property was not in a good condition, so I had to do some renovations in order to get better rental income.

(25 -34 yrs, Male, R15K-R29K PMI)

Q

You mentioned that you have renovated within the last 12 months. **Can you tell us a bit about why you decided to do this recently?**

Renovated my house in order to stay in a nice beautiful place of peace. I like beautiful things so I budgeted my money.

(18-24 yrs, Male, <R15K PMI)

My house was looking old and lost value.

(18-24 yrs, Male, >R30K PMI)

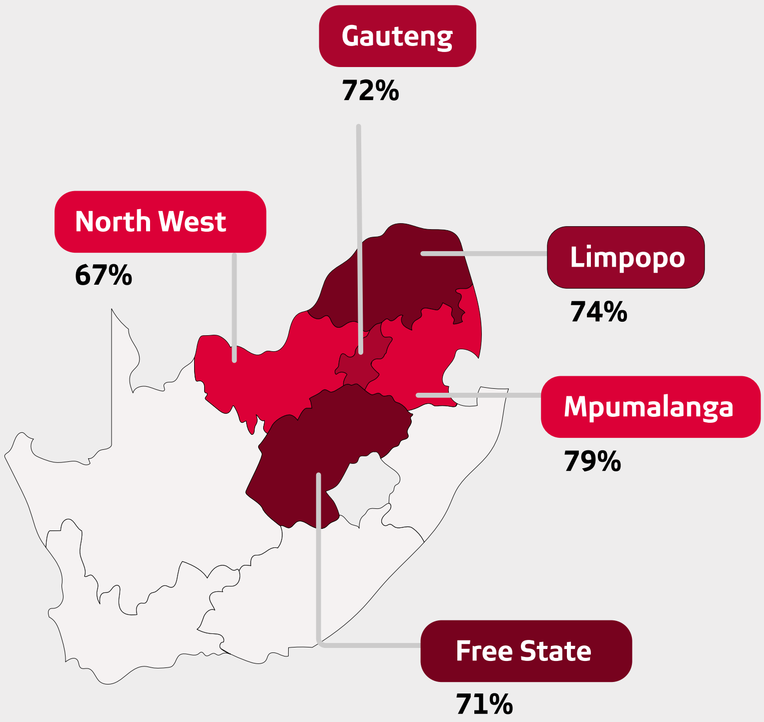
Everything looked run down, so we wanted to have a new fresh look.

(45-54 yrs, Male, >R30K PMI)

Overall sentiment view per province

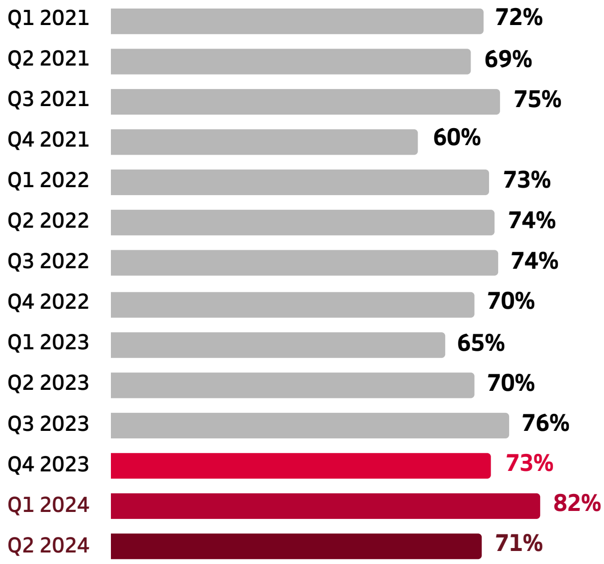
Regional sentiment view

Inland provinces

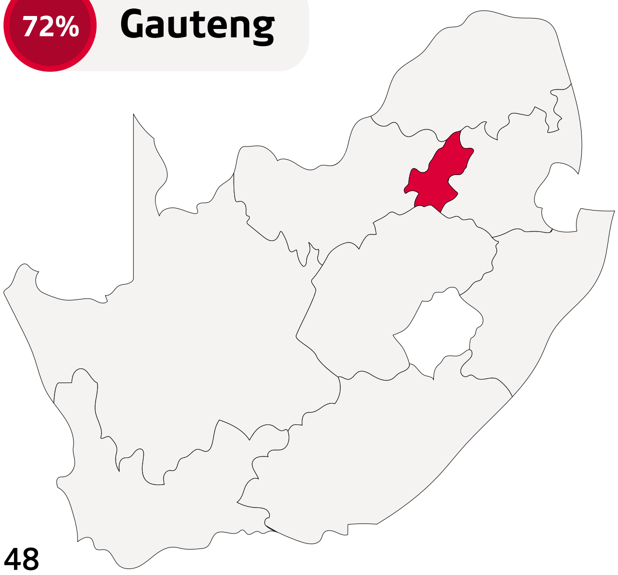


71% **Free State**

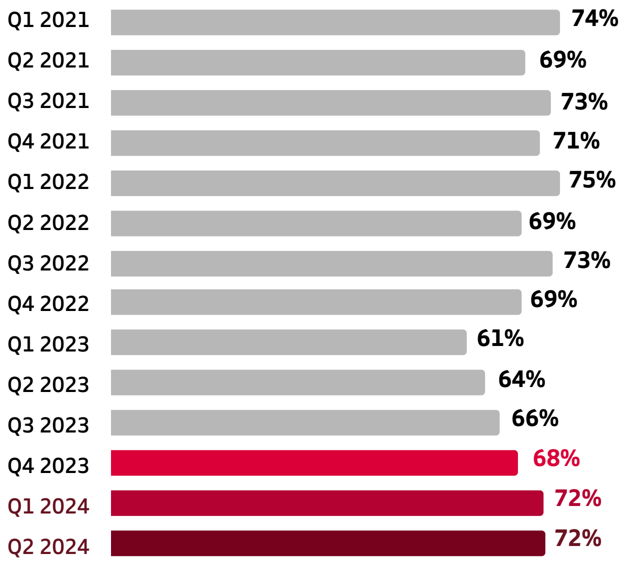
Free State



72% **Gauteng**

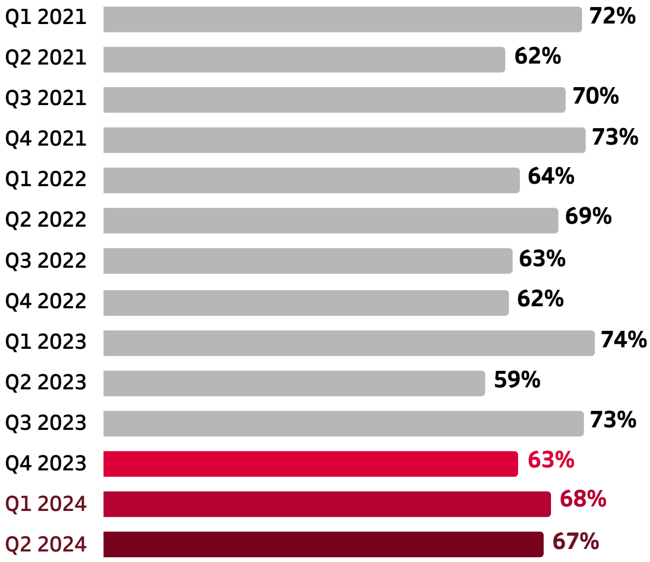


Gauteng



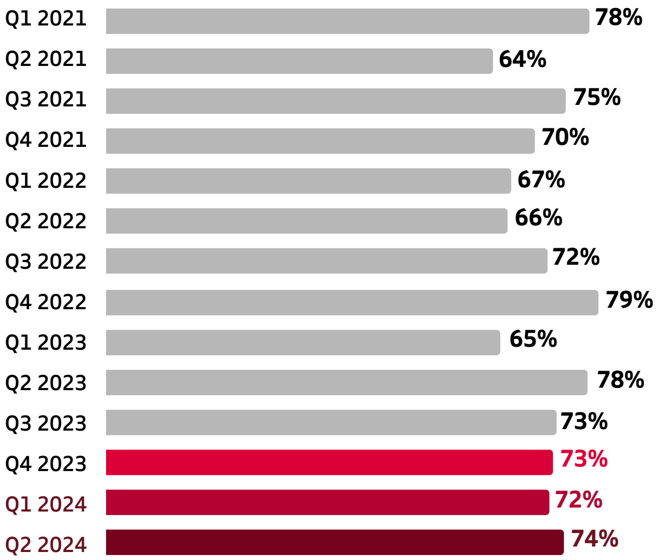
67% North West

North West

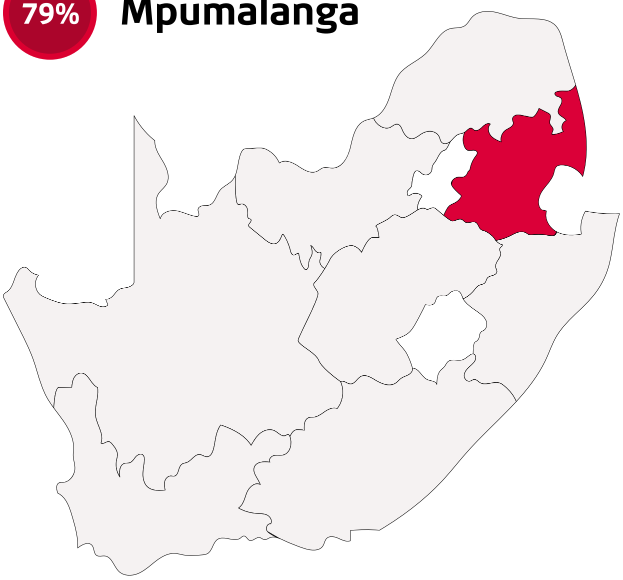


74% Limpopo

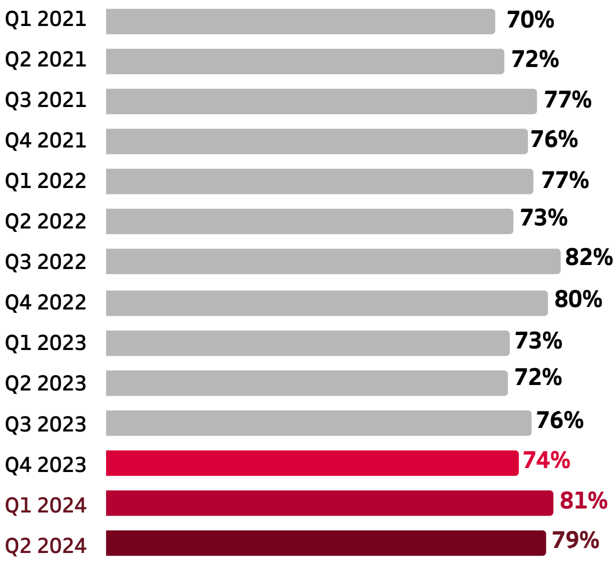
Limpopo



79% Mpumalanga

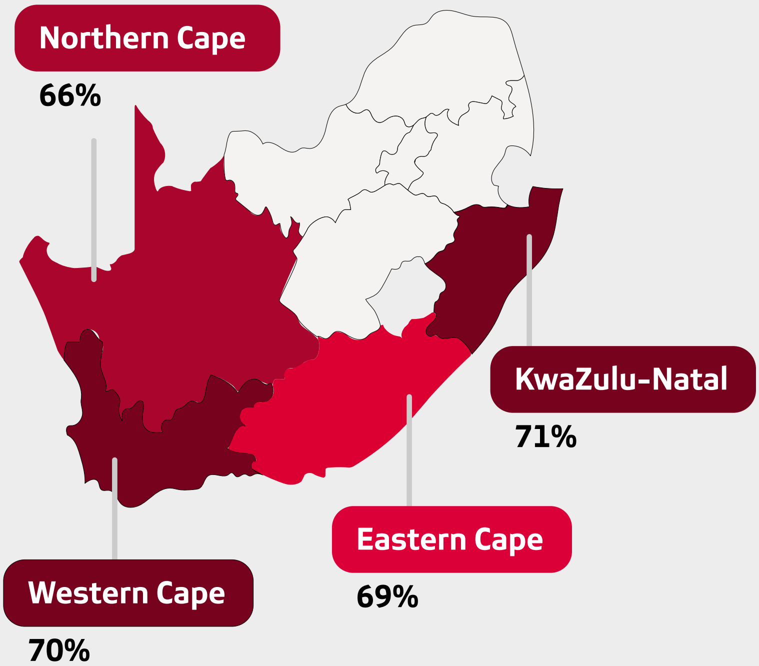


Mpumalanga

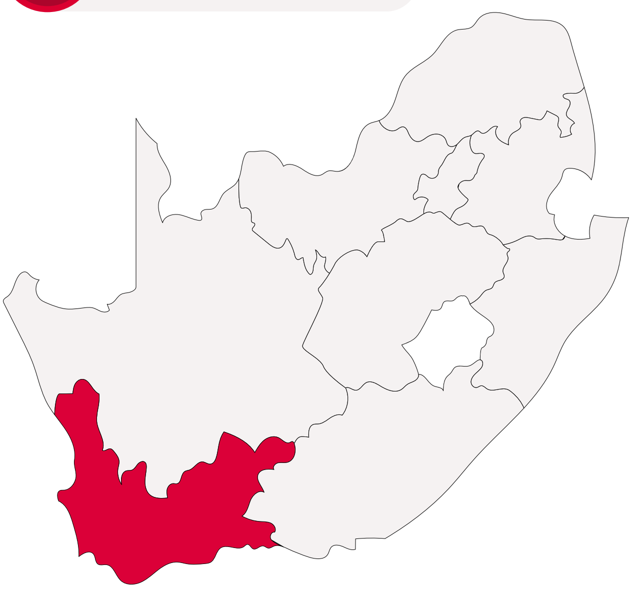


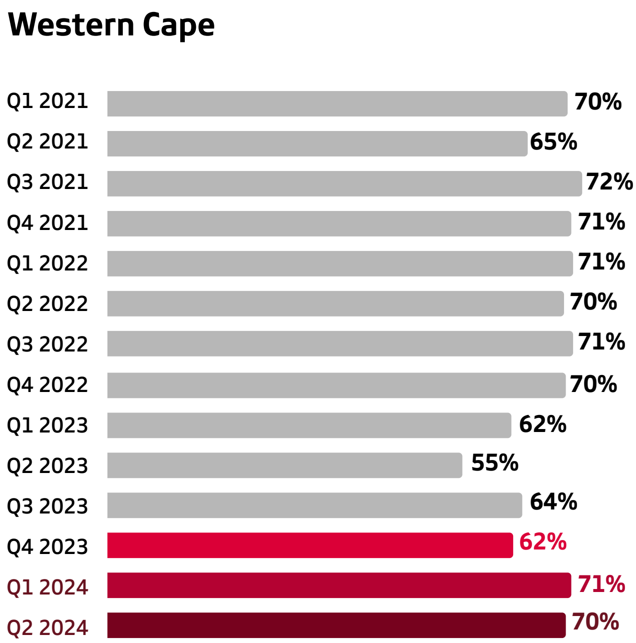
Regional sentiment view

Coastal provinces

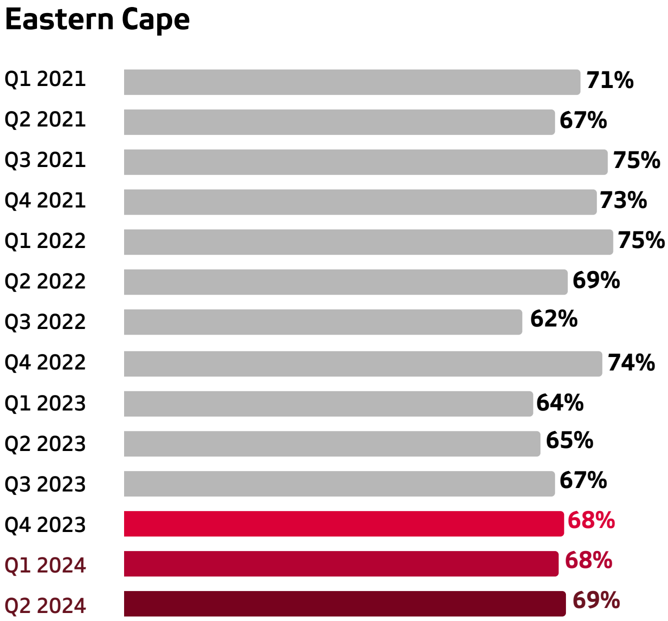


70% **Western Cape**

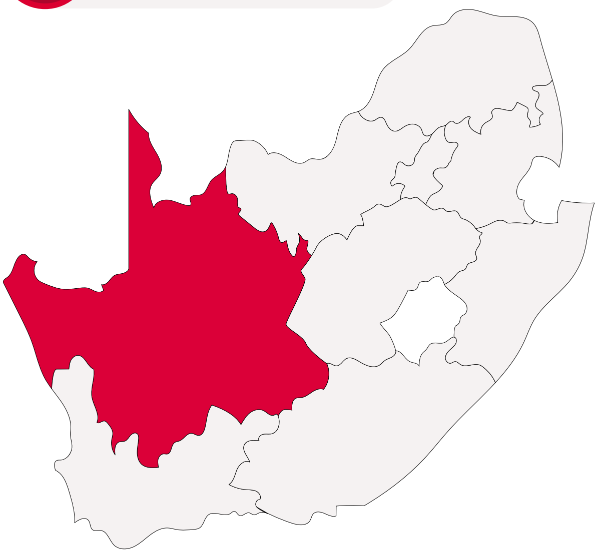


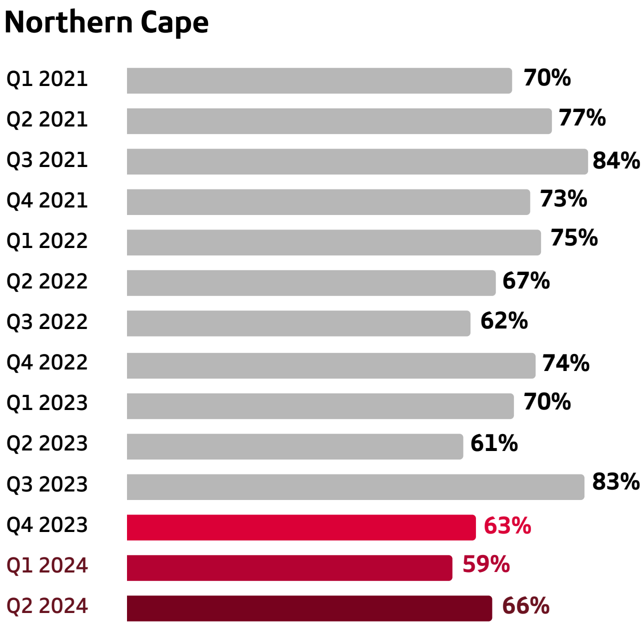


69% Eastern Cape

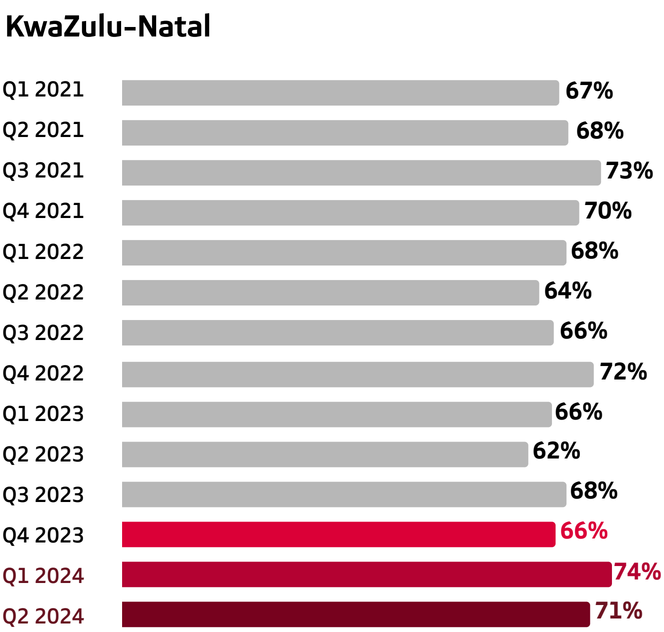


66% Northern Cape

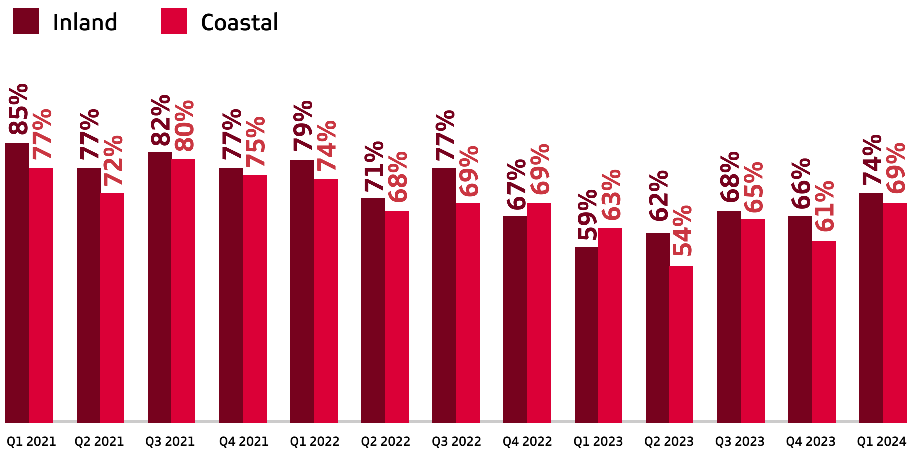




71% KwaZulu-Natal

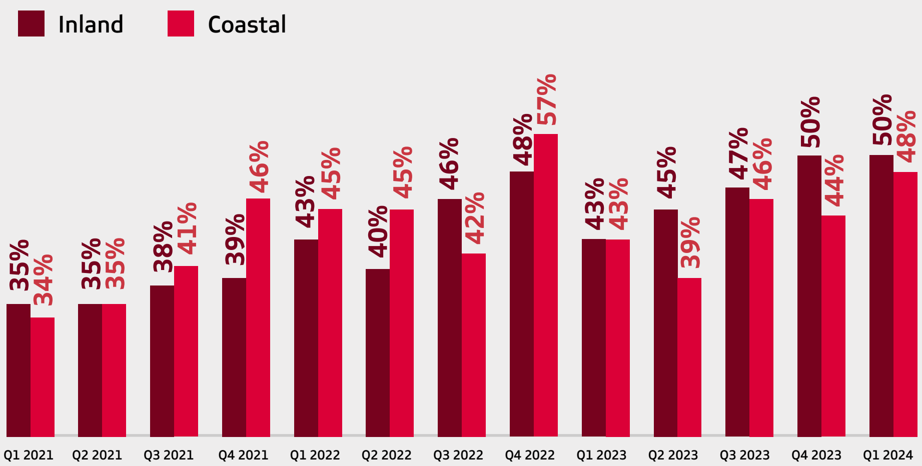


Inland and coastal



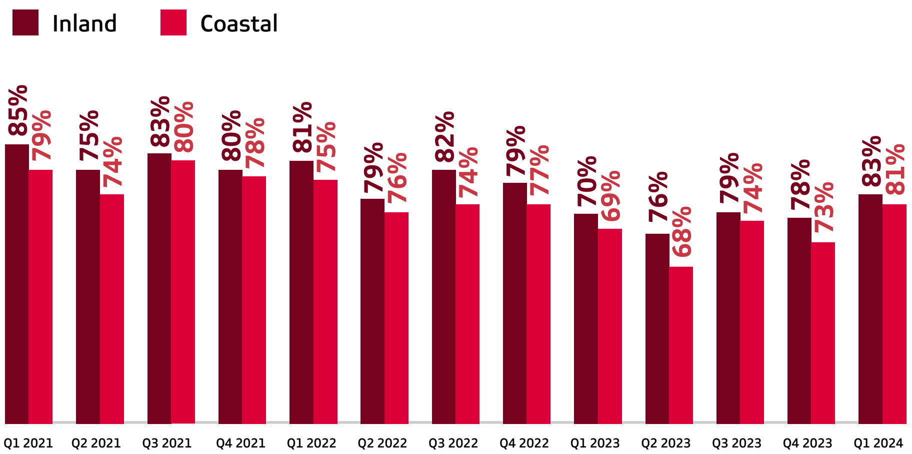
Buy property

Sentiment to buy property decreased 2% inland and slightly down (1%) 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 Q1 2024 but increased by 4% in the coastal region. In both regions, mentions are still that the economy is still not performing well.

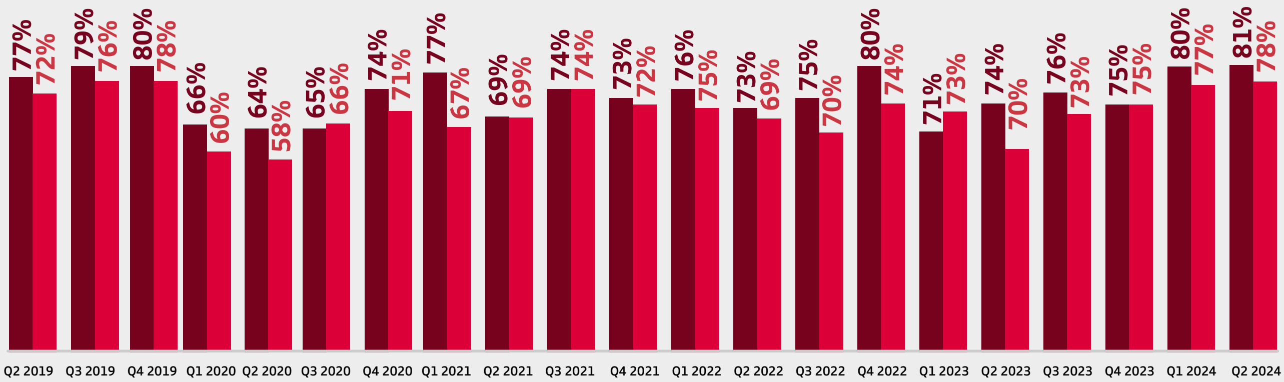


Invest in property

Sentiment to invest in property increased by 5% inland and 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 that prices are still too high, seem to remain.

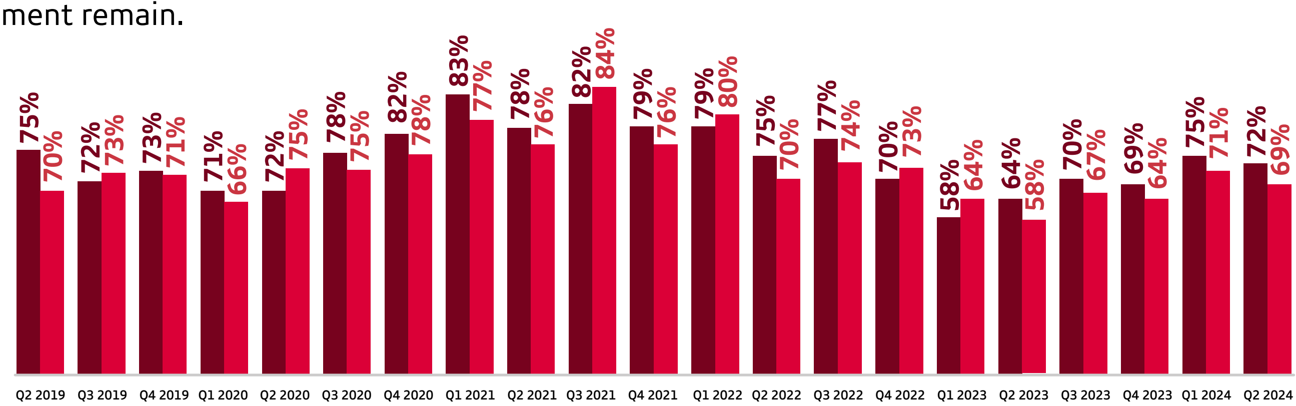
Renovate or make alteration

Sentiment in property renovations is up 1% in both inland and in the coastal regions, to 81% and 80% respectively. There is still a positive acknowledgement sentiment that renovating will bring better returns when selling. Respondents with a negative sentiment towards making renovations or altering their property, discouraged by the cost of materials still being high albeit to a lesser degree but affordability constraints and current sentiment around current economic conditions, remain.



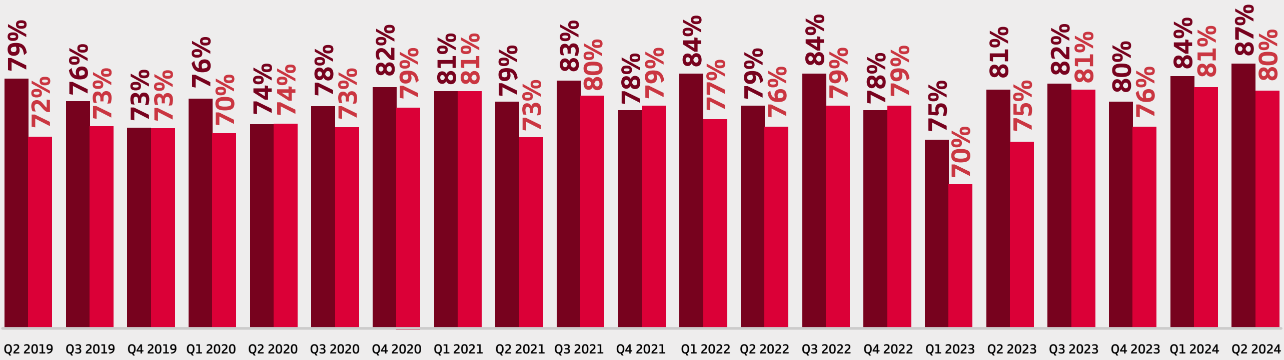
Buy rather than rent property

Sentiment to buy rather than rent property was down 2% to 69% in coastal and down 3% to 72% in the inland region. Respondents overall however still believe it is better to own than rent, but negative drivers such as the ability to afford property right now and the need to spend sparingly (save) in the current environment remain.



Confidence in the property market

Overall confidence in the future of the property market increased by 3% inland from 84% in Q1 2024 to 87% in Q2 2024 but declined slightly by 1% from 81% in Q1 2024 to 80% in Q2 2024 in the coastal regions. Overall, the general environment is still strained the sentiment, and outlook for property in the future is starting to look more promising.



Conclusion and outlook

Conclusion and outlook

Uncertainty around the property market seems to have subsided in the longer term as consumers indicate that they feel better times are on the horizon.

In the short term and for the time being, however, consumers still feel the pain, not wanting to commit themselves at this point in time.

In general, sellers want a good and fair price for their homes. On the other hand, buyers and investors are looking out for a good deal, yields and returns.

All current indicators tell us that property price growth is negative in real terms, as a slight mismatch between willing sellers and buyers begin to emerge.

Homeownership remains **aspirational and a desirable** investment for South Africans. It is often a long-term goal and many mention having to save and spend sparingly before buying a property and would rather postpone this decision in the short term.

The outlook for consumers in the short term remains strained, and it may take some time to ease, although inflation is expected to ease further towards the end of 2024.

Interest rate levels are expected to improve for indebted consumers by the end of 2024 by 25bps, which will bring much anticipated relief and improve cashflows.

Appendix

Percentage of respondents nationally with positive sentiment by sub-index

Period	Buying property	Selling property	Investing in property
Q3 2015	60%	44%	77%
Q4 2015	59%	41%	77%
Q1 2016	60%	38%	77%
Q2 2016	64%	39%	79%
Q3 2016	72%	46%	85%
Q4 2016	71%	48%	83%
Q1 2017	69%	42%	77%
Q2 2017	74%	34%	78%
Q3 2017	78%	37%	82%
Q4 2017	70%	41%	83%
Q1 2018	70%	46%	77%
Q2 2018	61%	43%	78%
Q3 2018	57%	37%	82%
Q4 2018	72%	41%	83%
Q1 2019	67%	40%	79%
Q2 2019	69%	39%	82%
Q3 2019	69%	37%	81%
Q4 2019	70%	40%	79%
Q1 2020	62%	23%	67%
Q2 2020	71%	20%	71%
Q3 2020	71%	29%	78%
Q4 2020	78%	33%	78%
Q1 2021	82%	35%	83%
Q2 2021	75%	35%	74%
Q3 2021	81%	39%	81%
Q4 2021	76%	42%	76%
Q1 2022	77%	44%	78%
Q2 2022	70%	42%	78%
Q3 2022	74%	45%	79%
Q4 2022	67%	52%	78%
Q1 2023	61%	43%	70%
Q2 2023	58%	43%	72%
Q3 2023	67%	46%	77%
Q4 2023	64%	48%	76%
Q1 2024	72%	49%	82%
Q2 2024	70%	47%	80%

Renovating property	Buy rather than rent	Overall sentiment
65%	72%	67%
63%	67%	64%
67%	72%	73%
79%	67%	78%
79%	75%	83%
76%	73%	81%
77%	66%	75%
75%	68%	74%
79%	74%	81%
79%	74%	82%
81%	66%	75%
77%	68%	73%
75%	74%	72%
80%	72%	77%
77%	68%	73%
75%	73%	77%
78%	72%	75%
79%	72%	76%
64%	69%	75%
61%	73%	74%
65%	77%	81%
73%	80%	82%
73%	81%	81%
79%	77%	77%
74%	83%	82%
72%	78%	79%
75%	79%	81%
71%	73%	78%
73%	76%	82%
77%	71%	79%
72%	61%	73%
61%	73%	78%
75%	69%	81%
75%	67%	78%
73%	79%	82%
71%	80%	84%

Gauteng

Percentage of respondents nationally with positive sentiment by sub-index

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

In Q2 of year 9, 2023, the target sample was increased in order to have a more robust view of consumer sentiment within smaller provinces. Thereby, a view of the smaller provinces is not available for waves prior to Q2 of year 9, 2023, however will be available and trackable from year 10, 2024, going forward.

Renovating property	Buy rather than rent	Overall sentiment
80%	73%	82%
80%	74%	76%
77%	69%	75%
75%	72%	77%
80%	75%	82%
79%	69%	76%
77%	75%	81%
78%	71%	75%
80%	73%	77%
67%	71%	75%
63%	72%	72%
66%	79%	79%
75%	82%	81%
76%	83%	80%
70%	79%	79%
75%	80%	83%
72%	80%	80%
77%	79%	85%
73%	75%	77%
76%	76%	84%
78%	67%	78%
70%	56%	72%
71%	58%	79%
73%	65%	76%
73%	67%	79%
79%	71%	82%
80%	69%	85%

Western Cape

Period	Buying property	Selling property	Investing in property
Q4 2017	69%	46%	73%
Q1 2018	71%	53%	71%
Q2 2018	62%	46%	76%
Q3 2018	59%	40%	71%
Q4 2018	70%	44%	76%
Q1 2019	73%	48%	77%
Q2 2019	69%	45%	79%
Q3 2019	65%	38%	75%
Q4 2019	73%	33%	77%
Q1 2020	61%	19%	58%
Q2 2020	71%	20%	70%
Q3 2020	66%	28%	71%
Q4 2020	78%	28%	75%
Q1 2021	78%	33%	78%
Q2 2021	76%	26%	71%
Q3 2021	82%	36%	78%
Q4 2021	76%	44%	77%
Q1 2022	76%	47%	74%
Q2 2022	70%	48%	75%
Q3 2022	75%	46%	76%
Q4 2022	67%	58%	73%
Q1 2023	60%	39%	66%
Q2 2023	50%	41%	60%
Q3 2023	61%	44%	69%
Q4 2023	55%	45%	65%
Q1 2024	71%	47%	77%
Q2 2024	70%	49%	82%

Percentage of respondents nationally with positive sentiment by sub-index

Renovating property	Buy rather than rent	Overall sentiment
78%	78%	80%
77%	71%	69%
76%	66%	71%
71%	67%	70%
73%	65%	74%
73%	68%	70%
69%	72%	75%
70%	71%	71%
75%	72%	76%
53%	66%	72%
59%	78%	75%
63%	74%	69%
73%	77%	79%
66%	81%	85%
65%	76%	73%
73%	86%	80%
70%	77%	82%
74%	79%	76%
71%	71%	79%
71%	76%	82%
75%	71%	76%
73%	64%	70%
63%	52%	64%
73%	65%	79%
75%	63%	70%
76%	74%	79%
75%	67%	78%

KwaZulu-Natal

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

Percentage of respondents nationally with positive sentiment by sub-index

Renovating property	Buy rather than rent	Overall sentiment
71%	58%	79%
78%	69%	72%
69%	66%	65%
75%	65%	65%
78%	75%	72%
72%	57%	66%
81%	68%	70%
83%	70%	74%
78%	67%	71%
68%	65%	65%
59%	75%	71%
65%	74%	71%
70%	78%	77%
65%	75%	77%
71%	75%	73%
72%	84%	79%
73%	78%	77%
71%	78%	76%
64%	57%	75%
70%	72%	78%
73%	72%	81%
73%	63%	71%
72%	51%	77%
72%	71%	80%
72%	67%	77%
79%	73%	83%
79%	75%	80%

Limpopo

Period	Buying property	Selling property	Investing in property
Q1 2021	87%	42%	89%
Q2 2021	71%	33%	68%
Q3 2021	77%	46%	81%
Q4 2021	71%	55%	76%
Q1 2022	66%	46%	71%
Q2 2022	72%	35%	72%
Q3 2022	64%	52%	82%
Q4 2022	76%	56%	88%
Q1 2023	60%	45%	69%
Q2 2023	75%	61%	83%
Q3 2023	74%	44%	83%
Q4 2023	73%	45%	83%
Q1 2024	71%	47%	81%
Q2 2024	74%	49%	79%

Mpumalanga

Period	Buying property	Selling property	Investing in property
Q1 2021	66%	41%	79%
Q2 2021	70%	45%	77%
Q3 2021	88%	41%	82%
Q4 2021	79%	40%	79%
Q1 2022	80%	47%	88%
Q2 2022	75%	36%	89%
Q3 2022	85%	49%	87%
Q4 2022	76%	62%	95%
Q1 2023	67%	58%	75%
Q2 2023	69%	51%	77%
Q3 2023	73%	57%	83%
Q4 2023	71%	56%	80%
Q1 2024	80%	61%	84%
Q2 2024	77%	51%	87%

Percentage of respondents nationally with positive sentiment by sub-index

Renovating property	Buy rather than rent	Overall sentiment
81%	81%	89%
59%	73%	82%
71%	87%	85%
65%	78%	77%
68%	66%	82%
63%	80%	75%
76%	76%	82%
93%	79%	83%
70%	68%	80%
83%	78%	86%
79%	73%	87%
80%	77%	79%
79%	75%	81%
82%	75%	87%

Percentage of respondents nationally with positive sentiment by sub-index

Renovating property	Buy rather than rent	Overall sentiment
72%	87%	76%
80%	80%	79%
74%	91%	88%
89%	93%	75%
84%	88%	76%
75%	75%	89%
87%	95%	87%
84%	78%	84%
83%	67%	86%
84%	70%	83%
81%	77%	88%
81%	76%	82%
86%	85%	87%
88%	80%	93%

Free State

Period	Buying property	Selling property	Investing in property
Q1 2021	70%	22%	81%
Q2 2021	79%	34%	79%
Q3 2021	85%	43%	82%
Q4 2021	59%	32%	67%
Q1 2022	81%	39%	79%
Q2 2022	73%	42%	85%
Q3 2022	77%	53%	82%
Q4 2022	57%	62%	81%
Q1 2023	55%	34%	71%
Q2 2023	66%	58%	81%
Q3 2023	76%	54%	84%
Q4 2023	76%	35%	84%
Q1 2024	79%	59%	88%
Q2 2024	70%	47%	81%

North West

Period	Buying property	Selling property	Investing in property
Q1 2021	65%	46%	78%
Q2 2021	69%	31%	69%
Q3 2021	86%	36%	79%
Q4 2021	83%	49%	77%
Q1 2022	55%	50%	61%
Q2 2022	61%	50%	89%
Q3 2022	72%	36%	71%
Q4 2022	60%	28%	72%
Q1 2023	81%	53%	83%
Q2 2023	51%	27%	72%
Q3 2023	68%	51%	78%
Q4 2023	55%	54%	78%
Q1 2024	66%	38%	84%
Q2 2024	60%	42%	78%

Percentage of respondents nationally with positive sentiment by sub-index

Renovating property	Buy rather than rent	Overall sentiment
86%	80%	91%
70%	79%	76%
67%	85%	88%
71%	60%	70%
73%	84%	80%
85%	73%	85%
74%	71%	88%
79%	62%	79%
66%	75%	88%
72%	65%	80%
82%	78%	84%
76%	78%	88%
86%	83%	94%
80%	67%	83%

Percentage of respondents nationally with positive sentiment by sub-index

Renovating property	Buy rather than rent	Overall sentiment
79%	82%	85%
58%	61%	81%
64%	79%	79%
84%	88%	57%
66%	72%	77%
55%	72%	89%
56%	72%	68%
72%	72%	68%
79%	65%	86%
63%	60%	79%
78%	76%	86%
64%	55%	73%
72%	67%	81%
73%	65%	86%

Eastern Cape

Period	Buying property	Selling property	Investing in property
Q1 2021	76%	38%	85%
Q2 2021	70%	38%	69%
Q3 2021	74%	45%	82%
Q4 2021	79%	52%	84%
Q1 2022	81%	38%	83%
Q2 2022	75%	44%	78%
Q3 2022	66%	29%	72%
Q4 2022	74%	49%	86%
Q1 2023	63%	34%	76%
Q2 2023	58%	43%	71%
Q3 2023	61%	44%	78%
Q4 2023	62%	51%	76%
Q1 2024	66%	34%	78%
Q2 2024	62%	50%	75%

Northern Cape

Period	Buying property	Selling property	Investing in property
Q1 2021	62%	61%	91%
Q2 2021	88%	24%	88%
Q3 2021	100%	67%	100%
Q4 2021	100%	40%	79%
Q1 2022	83%	46%	82%
Q2 2022	75%	33%	75%
Q3 2022	64%	37%	55%
Q4 2022	68%	32%	89%
Q1 2023	80%	41%	80%
Q2 2023	50%	28%	74%
Q3 2023	89%	69%	82%
Q4 2023	56%	41%	65%
Q1 2024	48%	45%	68%
Q2 2024	67%	51%	70%

Percentage of respondents nationally with positive sentiment by sub-index

Renovating property	Buy rather than rent	Overall sentiment
73%	75%	77%
75%	75%	74%
80%	80%	85%
75%	71%	76%
82%	87%	81%
77%	67%	72%
70%	66%	70%
72%	79%	83%
74%	69%	68%
75%	60%	83%
76%	63%	80%
83%	59%	79%
81%	65%	81%
80%	62%	84%

Percentage of respondents nationally with positive sentiment by sub-index

Renovating property	Buy rather than rent	Overall sentiment
56%	63%	85%
87%	88%	88%
68%	100%	67%
60%	79%	80%
83%	74%	82%
50%	84%	84%
73%	82%	64%
90%	77%	89%
80%	59%	80%
74%	62%	79%
79%	82%	97%
75%	61%	80%
58%	63%	71%
73%	57%	79%

Inland and coastal provinces

Inland | Coastal

Period	Buying property (Inland)	Buying property (Coastal)	Selling property (Inland)	Selling property (Coastal)	Investing in property (Inland)	Investing in property (Coastal)
Q2 2021	77%	72%	35%	35%	75%	74%
Q3 2021	82%	80%	38%	41%	83%	80%
Q4 2021	77%	75%	39%	46%	80%	78%
Q1 2022	79%	74%	43%	45%	81%	75%
Q2 2022	71%	68%	40%	45%	79%	76%
Q3 2022	77%	69%	46%	42%	82%	74%
Q4 2022	67%	69%	48%	57%	79%	77%
Q1 2023	59%	63%	43%	43%	70%	69%
Q2 2023	62%	54%	45%	39%	76%	68%
Q3 2023	68%	65%	47%	46%	79%	74%
Q4 2023	66%	61%	50%	44%	78%	73%
Q1 2024	74%	69%	50%	48%	83%	81%
Q2 2024	72%	68%	47%	48%	82%	78%

Percentage of respondents nationally with positive sentiment by sub-index

Inland provinces: Free State, Gauteng, Limpopo, Mpumalanga, North West, Northern Cape
Coastal provinces: Eastern Cape, KwaZulu-Natal, Western Cape

Renovating property		Buy rather than rent		Overall sentiment	
69%	69%	78%	76%	79%	73%
74%	74%	82%	84%	83%	80%
73%	72%	79%	76%	78%	79%
76%	75%	79%	80%	84%	77%
75%	70%	73%	69%	79%	76%
75%	70%	77%	74%	84%	79%
80%	74%	70%	73%	78%	79%
71%	73%	58%	64%	75%	70%
74%	70%	64%	58%	81%	75%
76%	73%	70%	67%	82%	81%
75%	75%	69%	64%	80%	76%
80%	77%	75%	71%	84%	81%
81%	78%	72%	69%	87%	80%

For more information on Absa Home Loans visit www.absa/homeloans.co.za

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