



Real Estate Commentary 2019. Q3

There was no sign of the Real Estate market rebounding in Q3.

The Real Estate market continues to slow down due to so many factors including lack of liquidity in the Economy. The forecast for the growth of the economy is around 3.0% in 2019 and expected to drop to around 2.7% in 2020 though the government is targeting 4% in 2020. Q3 saw the increase of inflation to 10.5% and the Purchasing Managers Index still below 50 (at 48.8). This means the private sector is still contracting though demand is improving at a slow rate. We project the Bank of Zambia Base Rate to be increased from 10.25% to 10.75% which will likely result in increased interest rates.

In a survey of Real Estate Agents, the residential market had 75% of the transactions conducted in Q3. For Rentals, 50% of the Agents had transactions between 0 to 3 and the remaining 50% between 4 to 10 transactions. For Sales, 80% had transactions between 0 to 3 and 20% between 4 to 10. Apart from seeing an increase in the supply of residential properties lack of financing solutions is making property sales a daunting task for many agents.

The survey also revealed that Lusaka and surrounding areas had close to 50% of the transactions, while Copperbelt and Surrounding areas accounted for 30% and the rest in other parts of Zambia. This shows an interesting pattern of demand and confirms the factors that keep Lusaka properties higher than the rest of Zambia. When asked about the state of the economy in Q3, 50% of the Agents described it as moderate, 30% said unstable and 20% described the economy as poor.

The Real Estate Agents were asked to describe the property market in Q3, 100% said 'Buyers Market'. However, 10% expected the property market to improve in 6 months, 70% expected it to stay the same, 20% foresaw the property market deteriorating further in the next 6 months. When asked on what they thought would happen to property values in the next 12 months 0% said 'Increase significantly', 0% said 'Increase', 75% said 'Stay the same', 25% said 'Reduce' and 0% said 'Reduce significantly'.

So what does this mean if you want to buy?

The current market conditions make it difficult for people to raise finances to buy properties. The prevailing interest rates are not favourable and some requirements by financial institutions are difficult to attain.

Nevertheless, if you have finances and looking to buy property, there are a lot of sellers out there which will give you an advantage when negotiating.

What does this mean if you are looking to sell?

There are a lot of properties on the market and yours will be competing for the same few buyers.

Unless you have no option but to sell, this would not be the right time to do so.

Whatever the situation is, always use professional help to navigate your property market decisions.

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