

Report shows global surge in residential property transaction volumes

According to a new report from international property firm Savills, which analysed 15 cities across the globe, 80% of locations saw transaction volumes for end-user residential property exceed H1 2019 figures. Singapore saw the most significant recovery in residential transactions - up 90% annually over the first half of 2019.

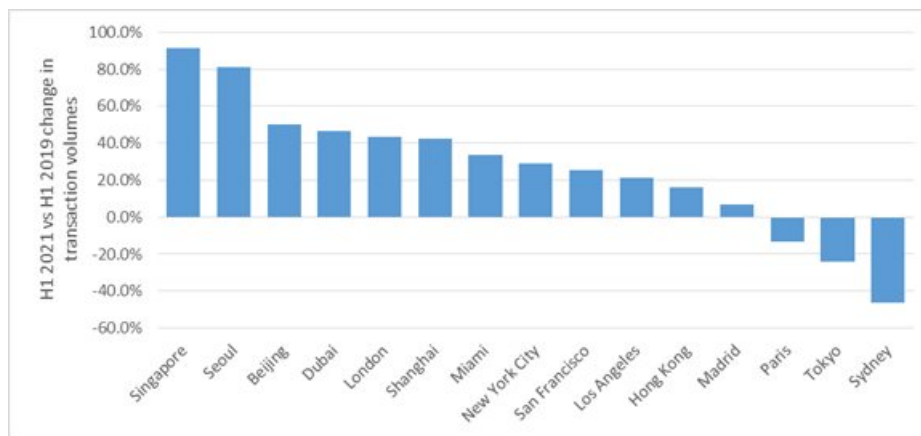


Source: www.pixabay.com

Says Dr Andrew Golding, chief executive of the Pam Golding Property group, which is the exclusive residential real estate partner for Savills in Africa: “The race for space and the shift to working from home caused buyers across the globe to reconsider where they live, and what they want from their property. This convergence of factors resulted in an unexpected surge in global residential market transactions, despite the economic disruptions caused by the pandemic.”

While South African cities were not included in the report, Pam Golding Properties research indicates that sales in Cape Town during the first half of 2021 were higher than during the first half of 2019, by 11.2%, up from 17,900 to 19,900 units. This would place Cape Town between Hong Kong and Madrid (see chart below). The value of properties sold during the first half of 2021 was also higher in Cape Town, by 36%, increasing from R25bn to R34bn.

Residential property transaction volumes H1 2021 vs H1 2019



Source: Savills Research using SouFun CREIS, Singapore Urban Redevelopment Authority, Hong Kong Land Registry, Real Estate Information Network for East Japan, Korea Appraisal Board, Australia Bureau of Statistics, Zillow, TwentyCI, Instituto Nacional de Estadísticas, CGEDD, Savills Dubai

Although Johannesburg sold approximately 900 fewer houses during the first half of 2021 than during the first half of 2019 (20,900 versus 21,800 units respectively, namely -4.1%), placing the metro's housing market somewhere between Madrid and Paris, the value of properties sold in Johannesburg increased by 22.7% from R22bn to R27bn.

Says Kelcie Sellers, world research analyst at Savills: "With record-low interest rates likely to remain in many regions, transaction volumes will be supported in the near-term. Looking further ahead, as economies continue the process of returning to normal and cities evolve back to being centres for work, we will see another wave of buyers return to the market. In addition to this, the continued lessening of restrictions around travel will also boost transaction volumes in global cities."

Asia Pacific

Property markets in Chinese cities remain relatively unaffected due to the avoidance of severe lockdowns. For the city-state of Singapore, there was a Covid-related dip in transaction volumes from March to May 2020, but transactions have roared back to above pre-pandemic levels with volumes in the first half of 2021 nearly double the volumes seen in the first half of 2019. Conversely, transactions in Tokyo remained robust in 2020, but rising case rates in 2021 have pushed transactions down - 24% lower than the same period in 2019.



Upper end of market now also making most of low interest rates

29 Sep 2021



United States

Transactions in New York were severely impacted between March and June 2020, however, volumes surpassed average pre-pandemic volumes in September and have stayed above average through the first half of 2021. With many tech-workers working remotely, San Francisco suffered the most severe declines among US cities studied with transactions down 57.5% in May 2020. However, the city has since returned to pre-pandemic levels. Transaction volumes in the first half of the year for Miami are at the highest level since before the GFC and are 33.9% above the same period for 2019.

Europe

Markets in Europe have experienced a slower return to pre-pandemic transaction volumes. Parisian transactions have remained low due to repeated lockdowns which kept buyers out of the city. In Madrid, recovery also remained subdued, with transaction numbers only exceeding the pre-pandemic average in March 2021. London saw significant increases in transaction volumes once the property market re-opened in May 2020, with the highest volumes of transactions in the

second quarter of 2021 as buyers rushed to complete purchases before the end of the Stamp Duty holiday.

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