

Third of black SA owns second home

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Johannesburg - The handing over of houses to black citizens in South Africa since the coming of democracy has been the country's most successful reform.

Black ownership of South Africa's primary residential market amounts to a surprising 41.7%.

White ownership is at 43.8%, coloured ownership at 8.3% and Indian ownership 6.2%. The total value of the primary residential market is R4 100bn and there are about 13.1m households in the country.

These figures reflect the radical change in the composition of South Africa's housing market since 1994. Black property ownership is often underestimated and this is the first time that a figure has been produced.

It is the principal finding from new research by Economists.co.za chief economist Mike Schüssler for Sake24. The object of the research was to determine who owned what in the South African housing market.

The primary property market embraces the whole spectrum of housing in the country – in other words, people who own a house and attach value to it.

Schüssler said the spectrum included the houses that people owned, RDP houses, houses in former townships where people lived rent-free, rural properties, informal accommodation and farms. The rent-free properties in the townships were however in the process of being transferred to the occupants.

Although black ownership had significantly increased over the past 16 years, the average value of a black household's home – R188 000 – was significantly lower than the average value for the other racial groups. The average value of a house occupied by a coloured household was R385 000, an Indian household R924 000 and a white household R1.39m. Based on these figures, said Schüssler, the average house in South Africa was worth R355 000.

The success story can be ascribed partly to the new houses built by government and the private sector over the past 18 years.

Between 1994 and the first quarter of this year government had built 3 070 512 houses, mainly for black households. This was considerably more than the 959 199 built by the private sector, bringing the total to 4 029 711 houses.

Banks had a strong focus on encouraging black home ownership and most of the banks gave 100% home loans to households earning R16 000 or less a month.

This has resulted in some 480 000 black households, 182 000 coloured households, 95 000 Indian households and 409 000 white households currently having mortgages.

Schüssler said the figures were an indication that black households had made rapid strides in the housing market.

Another interesting finding was that 31.7% of blacks had a second property, compared with 10.3% of whites. He said that 260 000 black households were currently living partly off rental income, compared with 54 000 coloured, 7 000 Indian and 98 000 white. In effect, 3% of the country's population was living partly on rental income.

The research also came up with other interesting findings, including the fact that total home ownership in South Africa was at 65%, which is high compared with other countries. In the US the figure is 66% and in Germany 42%.