

SOUTH AFRICA and homeownership, 2009

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Home ownership in South Africa is among the highest in the world, according to data released by Statistics SA yesterday, giving people a cushion against hard times.

Mike Schussler, the chief economist of Economists.co.za, said that with home ownership in South Africa among the highest in the world, South Africans "are not as poor and downtrodden as we think".

In the UK home ownership stood at 69.8 percent in February last year, according to the BBC. At the end of last year in the US it stood at 67.5 percent. In Brazil it was 75 percent earlier this year.

According to Statistics SA's General Household Survey (GHS) 2008, of South Africa's 13.4 million households, 75.8 percent own or partly own a dwelling. This compares with 68.3 percent in 2007, and 70.4 percent in 2002, when the survey started.

The growth in home ownership could be attributed to an increase in social grants and housing subsidies, free basic electricity and water. "This has given people a reasonable standard of living," Schussler said.

Strong economic growth since 2002 would also have improved fortunes. The effects of the recession are not reflected in the data as the survey was completed in the middle of last year.

But Schussler said most South Africans who owned homes would not lose them due to dire economic circumstances as these homes were not bonded.

Of the 13.4 million households, only about 1.5 million are houses that were financed through home loans and not all of these homes were in jeopardy. "The amount of people who will lose their homes due to the recession will be a few thousand," Schussler said.

But mortgage distress is showing signs of rising.

According to a report early last month, the Alliance Group said severe mortgage stress - where bondholders were four months in arrears - had increased sharply in June to more 72 000 from 55 000 in the first quarter.

According to the 2008 GHS data, ownership of other assets has also risen sharply. Cellphone ownership has more than doubled since 2002 to 79.1 percent last year, and television ownership has increased to 72.4 percent from 59.3 percent in 2002.

Statistics SA said ownership of assets helped to buffer households against adverse circumstances, as houses, land and mobile assets could be sold and converted to cash to meet household needs in difficult times.

Lumkile Mondi, the chief economist at the Industrial Development Corporation, said the GHS did not reflect current conditions that were leading to people defaulting on loans and the haemorrhaging of home owners.

Mondi said the 2008 GHS was positive, but a lot of the gains were likely to be reversed as jobs had been lost. The effect of crisis has been huge, especially on lower-income households.

According to the Quarterly Labour Force Survey released in July, South Africa had 4.13 million people registered as unemployed in the second quarter, 50 000 less than in the first quarter. But the number of people who have given up looking for work as the recession tightened its grip surged by 302 000 to 1.52 million.

Gavin Lewis, a DA MP, said that with the rise of the black middle class more people were better off, but the number of people living in informal settlements has remained static.

The GHS shows a marginal increase in the number of people who found themselves in informal dwellings, from 13.1 percent in 2002 to 13.4 percent last year.

Certain categories of people were better off now, he said; but the division between insiders - those who had jobs and belonged to unions - and outsiders without jobs, was growing.

Lewis said home ownership was likely to dip in subsequent surveys as "first-time borrowers have yet to find out just how nasty banks can be".

Mondi concluded: "The outlook is bleak as South Africans are heavily indebted despite the low-interest rate environment."