South Africa Property Affordability & Investment Analysis Report

1. Executive Summary

This report presents a strategic analysis of residential property affordability across South Africa.

The objective was to assess financial risk exposure, provincial affordability disparities, and

investment attractiveness using structured business data analytics. The analysis applies the 30%

affordability rule (monthly repayment should not exceed 30% of gross income) to evaluate financial

overstretch risk and guide lending, development, and investment decisions.

2. Business Problem

South Africa faces increasing affordability pressure due to interest rate volatility and income

inequality. Financial institutions and property developers require data-driven insight into:

- Provincial affordability risk levels
- Income qualification thresholds
- First-time buyer accessibility
- Investment value by region

3. Analytical Approach

A master SQL transformation model was developed to engineer the following metrics:

- Affordability
- Ratio (Monthly Repayment ÷ Gross Income)
- Risk Classification (Affordable / Moderate / High Risk)
- Price per Square Meter
- Income Segmentation
- First-Time Buyer Indicator
- Provincial Ranking using Window Functions

The dataset was prepared as a semantic layer for Power BI dashboard implementation.

4. Key Findings

- 44.87% of properties exceed the 30% affordability benchmark
- Gauteng shows the highest concentration of high-risk properties

- Western Cape has the highest price per square meter
- Entry-level supply remains limited for incomes below R40,000
- Select provinces offer strong mid-market investment value

5. Strategic Recommendations

For Banks: Refine credit approval thresholds in high-risk cities

Introduce targeted lending products in mid-risk regions

For Developers: Increase affordable housing supply in high-demand provinces

Focus on mid-market expansion strategies

For Investors: Target low price-per-sqm provinces with stable affordability ratios

Avoid overstretched luxury clusters

6. Strategic Impact

This analysis transforms raw property listings into strategic intelligence. It enables evidence-based credit policy refinement, geographic expansion planning, and improved market segmentation strategies. The model is scalable and can be enhanced with interest rate scenario modeling, default risk scoring, and predictive affordability analytics.

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