



FROM BERRY EVERITT

It's human nature to want to "fit in" - to do what our friends and colleagues are all doing in order to have things in common with them - but this is the actually the last thing you should do if you want to make good returns on your investments. Just look at the real estate sector, where most of the boom and bust cycles can be attributed to the psychological factors affecting buyers and sellers, and where most of those who make significant profits are those who go against popular opinion.



Take the last property boom, for example. It began with a just few people who anticipated an upturn in the market and started buying property even though it was then an unfashionable investment. It slowly gained momentum as others followed their lead and then really picked up speed when these early investors began to reap huge rewards. Suddenly property was hot news and everyone wanted a piece of the action everyone else seemed to be talking about.

But by then it was actually too late, because high entry prices meant that the opportunity to make major gains had passed. Many of those who had simply followed the herd into property were disappointed, and as news of their experiences began to spread, it set off a wave of selling that precipitated an entirely predictable market slump.

And similarly, I think, most of us are currently just going along with the prevailing view that the market is in bad shape, and staying out of it just because that's what everyone else seems to be doing - when what we should actually be doing is ignoring popular opinion, learning a lesson from the early investors last time around, and buying property like crazy in preparation for the next upturn.

What is more, I don't think the banks' renewed insistence on the payment of deposits should be seen by serious investors as too much of a deterrent, because the equity one is required to put into a property is still very small relative to the profit one stands to gain on a well-timed resale in the next boom phase.

Your Area Specialist:

Chas Everitt International sales agents have all the latest market information regarding local property values at their fingertips - and are committed to the highest standards of personal service when it comes to selling your home. In addition, the Chas Everitt International property group offers you, the homeowner, the best possible exposure for your property in both national and international markets. So if you are thinking of selling your home, call your nearest Chas Everitt International office today for the name of your local area specialist - or visit www.ChasEveritt.com

Every month the **Property Signpost Newsletter** will be issued to all our subscribers, filled with real estate information to help you make an informed decision, whether you are buying or selling a property.

In This Month's Newsletter:

- **The devil is in the detail**
- **Should you pay for 'res' or buy student accommodation?**
- **Appearance rules protect values**
- **Go for 'green' demolition and save**

Email any comments to the editor:
berry@propertysignpost.co.za

[Unsubscribe](#)

The devil is in the detail

In the current market, most home sellers are focused on getting any offer to purchase that is reasonably close to their asking price, but they should not lose sight of the fact that there are usually also many non-price terms to be successfully negotiated before a deal can be concluded.

Factors such as the deposit, valuation, financing, inspections (and who's going to pay for them), fixtures and fittings and the occupation date are important considerations that must not be overlooked. The occupation date, for instance, can quickly become a sore point unless resolved from the start.

Should the seller wish to occupy the residence for a certain amount of time after the transfer has gone through, this has to be taken into consideration. Similarly, if the buyer wants to take occupation before transfer, then the amount of occupational rent has to be agreed and written into the purchase contract. Bank valuations and electrical compliance inspections also cost money. The question is, who foots the bill? The buyer applying for a home loan usually pays for the bank valuation, but what if it is a cash deal? The seller may also want to think about getting an electrical inspection done before starting to market the property.

Fixtures and fittings can also become a cause for acrimony and it needs to be clearly set out in the sale agreement which fittings the seller will remove or leave behind.

The sidebar contains several elements from top to bottom:

- A logo for 'CHAS EVERITT International Collection' with a globe icon.
- A landscape image with a 'Developments' text overlay.
- A 'CEI Overseas' logo.
- A close-up image of a green eye.
- A cartoon bear holding a teddy bear with the text 'Hi I'm Chas Bear'.
- A logo for 'CHAS EVERITT Home MAKEOVER 2009'.

The reality is that buyers as well as sellers want to squeeze as much they can out of a deal - and that when nerves become frayed in negotiations, even minor issues can become dealbreakers.

This highlights the importance of having an experienced estate agent involved as a third party negotiator who will deal with all the issues in a calm, unbiased fashion, ensure that both parties understand all the terms of the sale agreement, and bring the sale to a successful conclusion.

[| Back to Top |](#)

Should you pay for 'res' or buy student accommodation?

Students who choose to study away from home need accommodation and that raises the question for parents of whether to pay for 'res' or other rented space, or decide to buy their own student flat or house.

Residence fees have increased in line with course costs and are now around R25 000 to R30 000 a year for a single room with meals during term-times. And the costs of staying in a student commune are roughly the same, with the average room rate being around R1200 a month and provision having to be made for meals and transport.

The accommodation outlay for a typical three-year degree is thus around R90 000 - an amount many parents feel could be better used to help buy a student flat or house on which they stand to make some return.

For example, purpose-built bachelor or studio flats for students have proliferated in recent years around many SA universities, and prices have shown a steady increase to around R500 000 on average, which at the current interest rates puts the annual bond repayment total at around R64 000, after payment of a R50 000 deposit.

On top of this, parents will need to make provision for monthly sectional title levies and food costs, taking their three-year outlay to around R300 000. However with student numbers and demand for accommodation continuing to rise at most SA universities, they do stand to make a good profit on resale at the end of the study period.

Another option is to buy a bigger flat or a house where spare rooms can be let out to other students, with the rentals being used to offset the monthly home loan repayments. This may seem like the best choice but additional factors to be taken into account are maintenance costs in the case of freehold homes, the provision of kitchen equipment, furniture and cleaning services in a commune, and the fact that a student who lives further away from campus may need transport.

In short, before making any decision, parents need to look carefully at the numbers and seriously consider other factors such as proximity to the university and maintenance of the property, preferably with the help of a seasoned estate agent who specialises in student accommodation.

[| Back to Top |](#)

Appearance rules protect values

There are many benefits to living in gated estates: Owners can enjoy living freely among their neighbours, additional security comes standard and lower monthly outlays are usually the norm. However, there are also certain restrictions that come with living in an estate. For instance, personal preference and choice with regard to the exterior appearance of a home may be limited by architectural and design guidelines that have been put in place to ensure uniformity.

Such rules differ from estate to estate but their purpose is the same - to protect the value of all the homes in the development by creating a harmonious, homogenous environment.

Consequently, the Home Owners' Association (HOA), tasked with ensuring the smooth running of the estate for the benefit of all owners, must be prepared to stand its ground when enforcing the appearance rules, even if it is regarded by some residents as simply "spoiling the fun".

In fact, HOA's should set down clear appearance guidelines from the outset as this will help eliminate any confusion or dispute later on. Included in the guidelines should be exclusions against "add-ons" such as carports, tool sheds, jungle gyms and gazebos which can be seen from the street.

Additionally, the HOA may want to incorporate uniform standards into the guidelines for such items as exterior light fittings, security gates and bars, house numbers and letter boxes.

[| Back to Top |](#)

Go for 'green' demolition and save

It is becoming more and more common to see large old homes on big stands demolished to make way for more modern homes, but for the sake of the environment, homeowners, developers and builders need to start thinking more carefully about the rubble and waste that such activities generate.

Demolition waste, along with that produced from renovation and construction activities, consumes a huge amount of scarce landfill space, depletes resources and can even emit greenhouse gases.

Consequently, environmentalists advise that anyone contemplating a demolition job should rather look at "deconstruction", since this allows for the recovery and recycling of much building material that would otherwise have to be dumped.

Materials that can be recovered if the building is carefully taken down include roof timbers and tiles, bricks and concrete blocks, reinforcing, window and door frames, metal and plastic piping, ceiling tiles, ceramic or stone tiles, carpet or carpet tiles, lighting fixtures and even glass.

Some of these may even be able to be reused in the new building to cut construction costs, while others

can be sold off to other building contractors and scrap merchants, or perhaps donated to a community building project.

And at the very least, deconstruction will save on costly disposal fees at council dumps, as well as the cost of removing and transporting the rubble.

[| Back to Top |](#)

[Property Search](#) | [About Us](#) | [Join our Family](#) | [Contact Us](#) | [Bond Calculators](#) | [Chas Cafe Blog](#)

[Unsubscribe](#)