

[Home](#)[Property Search](#)[About Us](#)[Join Our Family](#)[Contact Us](#)[Bond Calculator](#)

| Issue: February 2007 | Editor: Berry Everitt |

PROPERTY SIGNPOST NEWSLETTER

Email: berry@propertysignpost.co.zaWeb Site: www.chaseveritt.comSubscription: [Click Here](#)**Chas
Everitt****Berry
Everitt****Barry
Davies****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.

Contents

1. [Welcome by publisher](#)
 2. [Investors: Make your property dreams come true](#)
 3. [Homebuyers: Take a new look at older homes](#)
 4. [Neighbours: There's good on both sides of the fence](#)
 5. [Tenants: Check what the rent actually covers](#)
-

[Developments](#)

1. Welcome by publisher

The past month has been an extremely encouraging one for the property sector, with an excellent Budget coming hard on the heels of the good news about interest rates remaining unchanged.

The latter decision will of course make life easier for existing homeowners, but its most positive effect is to give first-time buyers a “gap” to get into real estate.

Since July last year when rates started rising, many potential entrants to the property market have seen their dreams slipping further and further away as the income qualification levels for home loans kept rising. As it is, one now needs to earn R2300 more a month than in July to qualify for a R500 000 loan.

Fortunately though, home prices are not rising as fast now as during the boom years, and with rates staying the same, there’s a chance for earnings to catch up to prices.

Stable interest rates are also positive for the buy-to-let investment sector, where many landlords are now finding that their share of the bond repayment on an investment property is actually declining again thanks to strong growth in rentals.

Meanwhile, substantially more money for social housing in Finance Minister Trevor Manuel's expansionary Budget will hopefully translate in a relatively short time into tens of thousands of new homeowners – and buyers – especially when combined with the incentives and massive amounts of direct expenditure set aside for infrastructure maintenance and improvement.

And finally, we do expect demand to be stimulated somewhat by the concessions made in the Budget to individual taxpayers again this year, including the increase to R43 000 in the tax threshold and especially the increased figure for tax-free savings – although it is to be hoped that for existing homeowners most of these savings will now flow into debt repayment, especially of home loans.

[| Back to Top |](#)

2. Investors: Make your property dreams come true

Many new year resolutions have been well and truly broken by now – but with the start of a new financial year looming, now is the time to take a hard look at investment portfolios.

Most advisers agree that property remains an excellent investment and should form part of a balanced portfolio. Property is also one type of investment that is easy to understand and manage, yet offers a wide array of possibilities, including full home ownership, fractional ownership, residential or commercial property for renting, land as an investment or for renting, and shares in property trusts that are traded on the stock exchange.

Owning your own home is arguably the best first step when investing in property because while paying “rent” to yourself instead of a landlord, you can also watch the value of your asset grow. But whether you are a newcomer to the property market or an existing homeowner planning to expand your investment profile, there are a couple of proactive steps you should be taking.

The first of these is to keep tabs on your credit profile – not least to prevent identity theft from wrecking your ability to obtain mortgage financing. Online sites such as www.mycredit.co.za offer a range of personal credit checking services at very reasonable rates.

The second step is to follow the GOOD (get out of debt) principle by paying off short-term debt as quickly as possible and starting a savings account for a deposit on a property.

Thirdly, you will need to set up your property “team”, consisting of a home loan professional, an experienced estate agent that understands the needs of investors, a property inspector, an attorney, an insurance company, a home maintenance crew, and if you are planning on rental property, a letting agent.

And finally, you will be ready to start looking at properties for sale. At this stage, while taking all the necessary precautions, it is also important to avoid “analysis paralysis”. Just remember that the sooner you invest, the sooner any growth in the value of your property will be for your own account.

[| Back to Top |](#)

3. Homebuyers: Take a new look at older homes

Established homes in older residential areas often have the upper hand over homes in new developments in terms of location because they are closer to schools, shops and workplaces and thus offer commuters substantial savings of time and money.

But this is not the only reason why older homes may be a better buy. Although they may not have the glamour of a spanking new unit bought off-plan in a new security village or estate, they are generally solid and usually offer more space for your money.

Older homes generally also have established gardens and if you are lucky, previous owners will have already made improvements and added better quality fittings and finishes than many of those being offered in off-plan developments.

When comparing costs and value, it is useful to remember that the price of new units includes VAT, which means that at least 14 percent of the purchase price does not translate into floor space. And the cost of establishing a garden, even a small townhouse garden, can add considerably to the expense of a new home.

Established suburbs further offer the advantage of good amenities such as excellent schools and convenient shopping centres. And finally, it is much easier to negotiate on price and date of occupation when buying a “golden oldie”.

[| Back to Top |](#)

4. Neighbours: There’s good on both sides of the fence

Pesky neighbours who make a nuisance of themselves can of course be taken to task in terms of the law, which in South Africa gives owners considerable rights when it comes to the undisturbed use of their own properties.

But legal action against a neighbour may not only be costly and time consuming, it is also very likely to further sour relations and make living next door to one another unbearably unpleasant. So the best plan of action is to try and resolve any differences amicably – or to avoid them in the first place.

Thus when buying property, it is wise to remember that you are not only choosing a home, you are also choosing neighbours. And because people keen to sell their property are unlikely to spill the beans if they have “problem” neighbours, you should visit the property and the area on different days and at different times to ensure that the neighbours are not given to regular late-night partying that would disturb you, or running a home business that entails lots of traffic, noise and security risks.

And once you do move into a new home, it is a good idea to establish cordial relationships with your new neighbours from the word go. Open lines of communication will make it much easier to broach any matter that may cause friction.

The other side of this coin, of course, is that you should also be a good neighbour and not interfere with other owners’ rights to enjoy their properties.

In this regard, it is worth noting that plans to build or replace boundary fences or walls should be

discussed with neighbours, although they are not obliged to contribute to the costs.

Also you should take special care to establish exactly where the boundary between the two properties is – encroaching only a few centimetres on to your neighbour's property will entitle him to apply to have the whole structure demolished.

| [Back to Top](#) |

5. Tenants: Check what the rent actually covers

Tenants planning to rent sectional title flats or townhouses should make sure they understand what their rent covers and how levies may affect them.

Sectional title landlords are generally responsible for the upkeep of the interior of flats or townhouses and will usually include this cost in the monthly rental. Some landlords may, however, prefer to reduce rental in return for tenants taking some responsibility for interior repairs and maintenance.

The upkeep of the exterior and common areas, such as gardens and garages, is the responsibility of the body corporate, which pays for the necessary services with funds collected from all the owners in the scheme by way of a monthly levy.

Although tenants do not usually have to pay the levy, it does not necessarily mean that levy increases will not affect them. They need to find out from their landlords whether or not increased levies will affect their rentals.

Before renting a sectional title unit, tenants should also ensure that the financial position of the body corporate is sound. If there is a history of owners not paying their levies, it may impact on the body corporate's ability to maintain the complex. Even worse, if their landlord is guilty of non-payment, his unit may be attached and sold in execution to pay for arrears, leaving them literally out in the cold.

Tenants also need to find out how they will be billed for municipal services. While some local authorities have started billing sectional title units individually, many sectional title schemes still receive a single account for water and electricity and divide the total among the owners in terms of the relative size of their units.

Owners who rent out their properties usually add this amount to the rent, but the system can be very unfair, with a single person renting a three-bedroom unit possibly having to pay more than a family of four renting a two-bedroom unit next door. Prospective tenants should thus try to ensure, where possible, that they will be billed for their actual water and electricity usage.

| [Back to Top](#) |

