



Chas Everitt



Berry Everitt



Barry Davies

**FROM THE PUBLISHER**

This month saw the opening of our new company, Chas Everitt International Overseas Properties, which has been especially set up to help South Africans who want to tap into the worldwide trend towards investing in second homes abroad.

Our research shows that there are many SA investors very keen to pursue real estate opportunities in other countries and that there are currently many factors in favour of them doing so - not least the fact that many of them built up substantial equity in their own homes during the recent local property boom.

Meanwhile, the US dollar is weaker in world terms, and it is expected that the foreign exchange allowance for overseas investment by South Africans will soon be increased from the current R2m per individual and R4m per family, which will make it easier for locals to afford overseas properties.

Chas Everitt International Overseas Properties will focus on matching suitable properties to individual buyers, whether they are purchasing a "lifestyle" property for their own use or an investment property where rental returns and capital growth are the dominant considerations. It will facilitate purchases in several "new" markets that offer excellent opportunities such as Brazil, Argentina, selected Caribbean countries and countries in Eastern Europe, as well as African countries that deserve attention including Egypt, Morocco and Mauritius. And it will offer Mediterranean properties - in Spain, France, Bulgaria, Cyprus, Italy and Turkey - through exclusive partnerships with high-profile regional property specialists.

For more information, you should check out [www.ceioverseasproperties.co.za](http://www.ceioverseasproperties.co.za), which already features a good selection of property investments.

**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](http://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 Week's Newsletter:**

- **Restoration development the next big thing**
- **First-time buyers must fight the hype**
- **Power outages increase fire risks**
- **What to do about hidden defects**

Email any comments to the editor:  
[berry@propertysignpost.co.za](mailto:berry@propertysignpost.co.za)

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**Restoration development the next big thing**

As development land becomes scarcer and building and service costs rocket, greater emphasis is being placed on restorative development.

This refers to the redevelopment of older or decaying residential areas to return value to existing infrastructure, and is widely seen as a solution to urban sprawl as well as a way to halt further degradation of the natural environment and preserve scarce resources.

Already accounting for more than a US\$1-trillion spent worldwide, the trend also represents a rapidly growing economic development opportunity for businesses and individual investors as well as communities, according to real estate analysts.

In cities that tend to become ever more densely populated, greater emphasis on neighbourhoods that integrate a clean environment, historic preservation and a mix of new and restorative development is becoming imperative, they say.

Restoring a built environment includes the renovation and rehabilitation of residential buildings; adaptive re-use, which refers to remodelling disused factories and warehouses into housing; and replacement, also referred to as infill, since it involves using open spaces between existing buildings for development to optimise existing infrastructure such as roads and the water and electricity supply grids.

As far as the natural environment is concerned, restoration includes cleaning up pollution in rivers, streams and green areas, and rehabilitating landfills and turning them into green spaces. For restorative development to take off, however, cities often have to lift restrictions to enable innovative re-use of land and buildings, and create incentives for renovation, with the payback



coming in the form of reduced pressure on their infrastructures.

Meanwhile, the most successful "restoration developers" are likely to be those who can devise fully integrated projects that take account of the natural as well as the built environment.

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### First-time buyers must fight the hype

In the current property market buyers are kingpins courted by developers and estate agents alike - but first-time buyers in particular should take care not to be seduced into serious and potentially costly mistakes.

In the excitement of hunting for a first home, many buyers become over-enthusiastic and run the risk of succumbing to 'hype', particularly in new developments where they may be subjected to high-pressure tactics.

And signing an agreement to buy before they have done their homework properly, may quickly take the gloss off owning their own home. Therefore, they should keep basics in mind, such as studying the market and finding out what implications fluctuating interest rates hold for them and what the relative advantages of different types of properties are, such as sectional title as opposed to freehold ownership.

It is always a good idea to visit as many show houses as possible and to consult estate agents about the state of the market in areas where they would like to settle. And they should never be afraid to ask questions and have them answered to their satisfaction.

Above all, they should resist temptation to over-commit themselves financially in the hope that a bonus at the end of the year or an expected salary increase will make up any temporary shortfall. And, of course, all related costs such as transfer duty and legal fees should be taken into account when they draw up their budget and decide how much to spend on a home.

And finally, it is far better to under-spend on a first home and to put any spare funds into the bond to reduce interest and to build equity. In this way they will be in a better financial position when circumstances dictate it is time to upgrade to a bigger property.

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### Power outages increase fire risks

Open flames from candles or gas stoves pose real fire hazards, especially in households more accustomed to the convenience of electricity, and homeowners plagued by power cuts should keep the following safety principles in mind:

- Educate all family members about the risks of open flames;
- Never leave burning candles unattended and place candles away from flammable material in case they are accidentally knocked over;
- Take care that all open flames are extinguished before the family retires to bed;
- Make sure that gas cylinders used for cooking and other purposes are in good working order, and don't store additional cylinders indoors;
- If you are planning to use a fireplace during winter, make sure the chimney and flue are in good repair and make sure that there is a fireproof area in front of the fireplace to prevent sparks or logs tumbling out of the grate starting a fire.

However, it must be said that electrical faults are still a major cause of homes fires in SA - when the power is on, of course! It is thus also a good idea to regularly check the state of electrical wiring and make sure that the cords of appliances are in good repair. Replace all frayed cords and never overload plugs.

For safety's sake, householders should have a working fire extinguisher on hand and make sure that it is serviced on the due date. And families should work out an emergency fire drill and make sure all members of the household know what to do in the event of a fire.

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### What to do about hidden defects

Defects in the structure of a home that become apparent only after a sales agreement has been concluded can scupper the whole transaction. They can also lead to much legal wrangling, litigation and naturally, additional costs.

But there are ways to overcome such problems, which will save the buyer the effort of starting his house hunting afresh and the seller the bother of fixing the defect and marketing the property all over again.

The best solution in such a situation is for buyer and seller to sit down together and discuss the matter - with their agents and lawyers, if necessary - and try to reach an equitable compromise.

One possibility is for the seller to drop his asking price in order to release the necessary funds to the buyer, who can then undertake to fix the defect. An alternative is for the seller to undertake to pay for any repair work.

However, it is wise to seek independent professional advice on the extent of the problem, the repairs necessary and an estimation of the cost involved. This is especially important if the buyer decides to agree to a lower purchase price as compensation for the cost of repairs. The scope of the problem may well be bigger than initially thought and any buyer who agrees to go ahead with the transaction at a reduced price must make sure that the saving will cover the cost of all necessary repairs.

