



## PROPERTY SIGNPOST NEWSLETTER

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### 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)*

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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.

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**Developments**

## 1. Welcome by publisher

We do of course wish you all a wonderful 2007 ... but since the second week of January, we've hardly had time to even think about the "Happy New Year" because business has been so brisk.

Our showhouses have been drawing up to 40 potential buyers and the offers to purchase have been coming in at a cracking pace, revealing a strong - and evidently growing - demand trend in the market.

Indeed, it seems as though many people who might have been wavering at the end of last year following a fourth interest rate rise have returned from their holidays not only refreshed but filled with new resolve to acquire the properties they want – and that this determination will underpin the house price increases of around 15 percent that most economists are predicting

Having said that, though, there is significantly more caution among buyers about affordability given the possibility of higher inflation and further interest rate rises this year, and most are steering clear of buying to the limit of their financial capacity.

At the same time, there is definitely more inventory for them to choose from, so homeowners who are similarly resolved now to sell should be prepared to negotiate – and more importantly, to seek the advice of our experienced, professional agents when it comes to "reading" the market before setting an asking price.

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## 2. Homebuyers: Keep an eye out for beauties in disguise

Buyers who can spot a Cinderella property in a good area stand to make a royal profit when the time comes to resell – if they are willing to roll up their sleeves and tackle a spot of home renovation.

Homes that have been neglected but are structurally sound are prime candidates for makeovers that will make them fit better with the overall tone of the neighbourhood. And buyers with the imagination to see them as belles of the ball when they are still in rags may well find fairy tales coming true.

Bargain hunters should of course steer clear of properties needing extensive and expensive renovations such as propping up poor foundations, re-roofing, complete re-wiring or plumbing replacements. Such costly operations are usually outside the ambit of most DIY-enthusiasts and if specialists have to be contracted to do the work, much of the potential profit flies out the window.

But homes that have been marked down because they need painting or because the garden has gone to seed are definitely worth a second and even third look. Setting a neglected garden to rights may easily be done within a season, and just mowing an overgrown lawn, trimming hedges, pruning trees and a bit of weeding will make an immediate impact. Painting the house should also be relatively inexpensive if owners do the work themselves.

Other easy-to-fix faults include worn and shabby floor surfaces or carpeting that can usually be treated or replaced at a reasonable cost, and old-fashioned light fittings. Indeed, new light fittings are probably among the least expensive and most profitable home improvements one can make.

Finally, homes with single bathrooms offer a big profit opportunity since second bathrooms will generally add double the cost of the renovation to the value of the house. This is especially true if a second bathroom can be fitted into the existing layout of the home and connected to existing plumbing.

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### 3. Sellers: Don't start the process unless you're sure.

Homeowners who find themselves in a bit of a financial squeeze now because of the recent interest rate increases should think twice before they react by putting their homes on the market.

For a start, the substantial rise in home prices over the past few years means there is a good chance that even a smaller home could cost them more than the total outstanding on their existing bonds. Then of course additional expenditure such as transfer costs on a new property and relocation costs must also be taken into account.

Secondly, they need to be really sure that there is no other course open to them and that they seriously want to sell, because giving an agent a mandate just so they can gauge the likely response from the market could easily get them into even deeper financial hot water.

Many mandates, especially sole mandates, contain a provision to protect agents against "frivolous" sellers who are just "testing the water" and besides, the courts have held that a seller who refuses an offer at the full price, or on the terms laid down in a mandate, may be obliged to pay the agent damages equal to the commission that would have been earned through a successful sale.

The implication is that agents who spend time and money to market properties in good faith should be paid for their services if they find a willing and able buyer as a result – even if the owner then changes his mind about selling.

Homeowners trying to balance their budgets are thus advised to carefully assess the current market and to ask a reliable estate agent what price they could reasonably expect to get for their home before hastily awarding a mandate.

And if they have already awarded a mandate but change their minds about selling, they should inform their agents immediately in order to limit the potential financial damage all round.

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### 4. Tenants: Stay sharp even in a competitive market

The queues - and competition - for good rental property are likely to grow if interest rates keep rising – but prospective tenants should still look before they leap into signing a lease.

There is of course no substitute for thorough research when looking for a new home, but if they are being pressed for a decision, tenants should be able to avoid the worst pitfalls by using the following pointers:

- Go to a viewing armed with a carefully thought out checklist of features in a property that you find non-negotiable, for instance, good security, safe parking, laundry facilities, storage space, a working lift.
- Be ruthless. If the property does not meet your very basic criteria, do not consider it, no matter how well located or cheap it is. Matches between tenants and rental property are rarely made in heaven, but there are some compromises not worth making.
- If you are viewing several properties, make a note of any additional positive features each of them has, such as proximity to public transport or a pretty view, and of any drawbacks such as traffic noise, so you can easily compare them and make your choice.
- When you are ready to commit, check that the lease contract spells out clearly the obligations of both tenant and landlord, including when the rent is due and what the landlord's maintenance responsibilities are.
- Before you sign the contract, make sure how long it will remain effective and find out

what penalties you will incur if you terminate before the expiry date.

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## **5. Homeowners: Keeping up the roof over your head**

Heavy storms and high winds this summer have sent many households scurrying for buckets because their roofs have suddenly sprung leaks, and roof repair experts are reporting an unusually busy “season”.

Indeed, many contractors are booked up for weeks ahead now, giving those homeowners confronted with leaking roofs little choice but to grin and bear it while trying to limit the damage themselves – and once again underlining the benefits of preventative maintenance.

In short, the time to take care of your roof is while you are still snug and dry, and when you have time to inspect it thoroughly for any loose tiles, flapping corrugated sheets, weathered water-proofing and rusted or blocked gutters that could lead to leaks.

Then, if you do need to call in a roofing contractor, it won't be in an emergency situation and you will be able to make the necessary checks to ensure that you are dealing with a reputable, reliable company.

If you are new to an area, it is a good idea to seek advice from the estate agent who sold you the property. Neighbours and friends may also be able to refer you to a trustworthy contractor.

In all cases, however, you should establish how long the company has been in business, ask for recent references and check what type of guarantee is offered on workmanship and materials.

You should also insist that contractors supply a written quote that itemises what work will be done at what cost, and when it should be completed. It is also useful to negotiate that payment will only be made as the work progresses and that a certain amount will be held back in the event of unsatisfactory work. And lastly, you need to be sure that the contractor has insurance to cover injuries to workmen on your premises.

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