

PROPERTY SIGNPOST NEWSLETTER

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

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1. Welcome by publisher

The residential property market is contracting and sales are falling – and yet Chas Everitt International had its best month *ever* in February. Why? Well, because just as equity investors turn to gold and gold shares in times of uncertainty, homeowners and property investors turn to tried and trusted agencies.

This is just what we predicted would happen when interest rates started to rise last year and since then we have taken great care to secure our inventory at the right price, and to communicate the value of our accumulated experience and expertise to property sellers.

Meanwhile, we are also proud to record that as the number of new Chas Everitt International outlets continues to rise towards 100, we have not had a single member resign since we launched our franchise concept four years ago.

We believe that level of retention is quite a feat in SA franchising terms – especially in the real estate industry, where agents drop out at the rate of about 30 percent a year and brand loyalty is not high even among principals.

Certainly, it was noted with satisfaction at our recent National Broker Council held at Sun City, and without wishing to be in the least bit smug, we are taking it as an indication, along with our growing turnover, that we must be doing something right...

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2. How to get the best out of the buyers' market

Just because the market is in a phase that favours buyers does not mean that you will necessarily find good value everywhere.

You still need to be a critical shopper and apply the following guidelines to ensure you make the most of the fact that there's not so much pressure now to sign on the dotted line before you lose the property to another buyer:

- Even before starting to look at possible homes, shop around for a mortgage and determine exactly how much you can afford. This will enable you to focus your search and move quickly when you do spot a dream property.
- Take the time to do some research. Watch the for-sale ads and speak to agents in your favoured areas to gauge the level of activity and price movements and to get a feel of what would constitute a bargain.
- Consider modest homes in well-maintained and established suburbs. Such properties will show the quickest growth in value once the market picks up again, giving you a good return on your investment.
- Don't hesitate to negotiate on price with builders of new complexes. Ask for discounts or negotiate luxury upgrades, free landscaping or other incentives. The same applies to home sellers. If a seller is keen to sell in a slow market, he may be willing to compromise on price to speed up the transaction.

Above all, though, keep the fundamentals in mind. Don't buy above your means, even if a lending institution is keen to grant you a big loan. It certainly will not be a good investment if you are forced to sell the property in a hurry because you can't keep up your monthly bond repayments.

In fact, you should always factor in a safety margin to make provision for possible interest rate increases in future – even if rates look stable now.

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3. Sellers: Mind your language!

Many jokes do the rounds about what the jargon in real estate advertising really means. But a Canadian study has now shown that the choice of words in an ad really does influence selling price as well as the time it takes to sell a property.

The research was conducted by Professor Paul Anglin of the University of Guelph in Ontario, who studied the response to about 20 000 listings over a period of three years. He found that if you want to cut selling time in half (compared to the average for your area), you should advertise your property as a “handyman’s special” – the downside being that you must then expect the selling price to be around 30 percent lower than the area average.

On the other hand the term “beautiful” in ads reduces selling time by an average of 15 percent, while increasing the selling price by around five percent. The caveat here is that the strategy only works if the advertised property comes up to scratch and really deserves the description.

Surprisingly, the term “landscaping” has the best overall effect: Selling time is reduced by 20 percent and selling price increased by six percent.

The survey also showed that if you advertise your property as “good value”, sellers will take you at your word. The description shaves five percent off the average selling time, in return for five percent off the average selling price.

Buyers also like homes in “move-in condition”, which sell 12 percent faster, and “starter homes”, which sell nine percent faster.

They don’t, however, respond sympathetically to emotional appeals such as the fact that the owner is moving, and if you state you are “motivated to sell” you can expect your property to actually stay on the market up to 30 percent longer than average, while the selling price drops by eight percent.

Homes described as “vacant” also sell at eight percent less than the average and the words “rental property” add a whopping 60 percent to the sale time while taking nine percent off the average price.

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4. Don’t skimp on your HOC – it’s just not worth the risk

The recent high tides and monster waves in KwaZulu-Natal have once again focused attention on how suddenly and quickly properties can be destroyed by natural disasters – and leave uninsured or underinsured homeowners exposed to huge financial damage.

It underlines the necessity of making sure yourself that your home is insured at full replacement cost, at all times, and not to assume that when your bank adjusts your Home Owners’ Cover (HOC) and premium from time to time, such adjustments will necessarily take continually rising building costs into account.

If they do not, and you are thus under-insured in the event of a catastrophe such as a flood or a fire that razes your home to the ground, your insurance policy will not pay out enough to replace the structure, leaving you heavily out of pocket and / or with a smaller home. And if the structure suffers partial damage, your policy will also only pay out a pro rata amount - in other words, if you are 30 percent under-insured, the insurer will only pay out 70 percent of the claim.

To calculate the replacement value of your home, industry experts say, it is a good idea not to rely solely on the convenient calculators that many insurers provide because these are as subjective as the person who punches in the information. Basing replacement cost on current market value is also a dicey move – the cost of rebuilding your house can be significantly higher than the price for which you could sell it.

A better option is to consult a homebuilder and ask him to estimate how much it would cost at current prices to build your home from scratch. Speak to your insurer without delay if there are discrepancies between your existing cover and the builder's estimate. And if the insurer is not willing to increase your cover, start shopping around for one who will.

Also check what cover if any you enjoy for loss of use - the amount you will be entitled to in case you have to rent a property while your own home is rebuilt. Keep in mind that rentals have escalated recently and calculate whether the amount would cover rental for a period of at least 24 months. If not, adjust your cover.

And, finally, don't be a cheapskate – look for the best possible cover for your money, not the lowest possible premiums.

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5. Farewell to a lion-hearted leader

Chris Cloete, co-owner of the Chas Everitt International franchise in the Northern Suburbs of Cape Town, was tragically killed crossing a road after a gym session close to his offices in Tyger Valley on Monday 12 March 2007. Chris is survived by his wife Rierie, son Chris and daughters Lisa Marie and Yvonne.

Born and bred in Ermelo, Mpumalanga, Chris attended Wits, studying mining engineering, after which he completed his MBL at Unisa and an executive development programme at Michigan University in the US.

After four years at Billiton, where he took care of the marketing and development of new mines, he joined Sasol as a mine manager in 1978. After just two years he became deputy GM of the group and shortly thereafter was promoted to the position of GM Mining, where he headed up the building of Secunda Collieries, the world's largest underground mining complex. At this time he was responsible for some 12 000 people and a turnover of R3bn.

Chris ended his 18-year career at Sasol as MD Mining and then joined an architect friend in a new venture in Industrial property development in Namibia. He subsequently developed a forest farm and opened an international consulting practice, Powerhouse Consultation, that consulted to Billiton, Price Forbes, Bilboa and multinational Tractebel.

Chris was then contracted to do a turnaround and repositioning for the University of Pretoria's Business School, where he was appointed GM, before he decided to leave the corporate environment and, together with his close friend Charl Louw, purchase the Chas Everitt Northern Suburbs franchise. This was in 2004 and he subsequently also became a partner in the Chas Everitt Stellenbosch operation.

In his own words, Chris was in love with the real estate business, and his passion and commitment to his partners and agents as well as his beloved family was well known to all whose lives he touched. His zest for life, irrepressible sense of humour, eternal enthusiasm, belief in our country and ability to see the silver lining in any cloud will ensure that he lives on in our hearts forever.

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