



PROPERTY SIGNPOST NEWSLETTER

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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

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

Spring is in the air, and with it the prospect of the annual inflow of foreign visitors and investors as the cold descends on the Northern Hemisphere. Recent events have also brought another sort of chill to that part of the world – and refocused attention on SA as a “safe haven” in a world increasingly threatened by political violence.

This may be difficult for us to understand, given our concerns about crime and corruption, but one just needs to see how little British and European buyers are able to get for their money to grasp that SA property is also still extremely well priced in comparative terms. Add to that our wonderful climate and a still-favourable exchange rate for British and European investors and you have a property-plus-lifestyle offering quite enticing enough to prompt permanent relocation, let alone the holiday-home buying that is already a feature of our market.

Which is why one reason why we continue to believe participation in overseas property exhibitions is an important element of our marketing mix – and why we will shortly be embarking



on our annual marketing tour to the UK and Europe. Among others, this will take in the Homes Overseas exhibition at Earls Court in September and the Second Home International show in Utrecht in October, where we will showcase not only the cream of SA property but the undoubted attractions of our lifestyle to tens of thousands of Londoners and Hollanders for whom summer is always too short.

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2. Why we need more affordable housing

Families are getting smaller, but new homes seem to be getting bigger and bigger and more luxurious which, contrary to what many people think, is a bad sign for the housing market. The major reason for the trend is that the cost of land and development is so great that developers seek to achieve the best possible return per unit – by building them bigger and putting in more expensive finishes in their pursuit of a limited number of wealthy buyers.

And indeed there is currently little profit incentive for the development of affordable housing, which is often further discouraged by local building restrictions or rezoning red tape. However, for home values to keep rising, demand has to keep exceeding supply, and to achieve that one has to enlarge the pool of people not only keen to buy but financially qualified to do so – which means there simply have to be more affordable homes.

Such homes will, in time, appreciate in value, enabling owners to build equity and increase their personal wealth and buying power, as well as their ability to scale the property ladder and sustain the demand for those bigger and more expensive homes.

So, apart from sound humanitarian reasons for wanting to see more homes created that are affordable for people at the lower end of the economic scale, this approach would help secure the future of our property market.

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3. What women want will shape new communities

Marketers have known for a long time that women are the ones who make most of the spending decisions, which is why they tailor most of their advertising to appeal to women.

And with more women becoming homebuyers themselves, now would be a good time for housing developers to take a leaf out of the same book and position their developments to fit in with what the new generation of women really want in a home.

Recent research in the US has shown, for example, that women who work outside the home are keen to live in communities that emphasise and facilitate social interaction and convenience.

Thus it is not surprising that they rate a friendly neighbourhood with good shops, parks and public transport and proximity to work as actually more important than home price. Women also place a high premium on a safe environment, good housing design and easy access to services and family-oriented recreational amenities.

Other woman-friendly trends include housing clusters with built-in child-care features, secure maintenance and service providers to accommodate two-income families, shared housing for single people and teen-friendly environments.

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4. Get connected to sell faster

A decade or so ago a great play area in the backyard was an important selling point for family homes, but times have changed and today's youngsters are far more likely to play games on the internet than to swing around on a jungle gym – just as they are more likely to research homework projects on the web rather than go to the local library.

Indeed, many children's rooms now look like media centres, fitted with computers with broadband access, television sets, video game systems and DVD players. And while parents may have their own views about children's use of and access to all this technology, there is no doubt that connectivity, and especially broadband that allows Internet access around the clock, is becoming a new selling point for homeowners who are targeting buyers with young families.

Sellers and developers in this market should thus consider rearranging or redesigning children's rooms to accommodate a range of gadgets or perhaps transforming a study or workstation into a high-tech hub of connectivity.

Which is not to say that the backyard can or should be given over to weeds. Parents concerned at the rising rate of obesity among techno-potato children are bound to appreciate a healthy combination of connectivity indoors and space for more strenuous exercise outdoors.

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5. Renovate and resell plans now more risky

Buying up older homes with an eye to renovating and reselling became very popular in recent years as house prices rose rapidly, but such buyers should be very wary of over-capitalising now that rising interest rates have put a dampener on house price growth.

The same holds true, of course, for owners who are thinking of upgrading their existing homes. To over-capitalise simply means spending more money on renovation than can be recouped on resale of the property at a later date, and it depends primarily on position.

For instance, a modest home converted into a mansion will be difficult to sell at a high enough price to recoup expenses if the suburb as a whole generally only attracts buyers on a limited budget.

The prime rule for sensible renovation is to determine with the help of a knowledgeable agent the current top values of homes in the area and then compare these to the value of the home to be renovated.

The difference in value is the maximum sum that can safely be spent on renovations, although it might be prudent to keep a margin of, say, 10 percent. In other words, if the market value of your home is, say, R500 000 and top prices in the area are around R600 000, you should think carefully before spending more than R90 000 on renovations.

And before embarking on any renovations at all, you really should have the property checked by professionals to make sure it is structurally sound.

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