CHAS EVERITT
International Property Group

PROPERTY SIGNPOST

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FROM THE PUBLISHER

Retail sales are down, car sales are down and yes, we are having to work harder to secure property sales, although turnover figures continue to show healthy growth.

So higher interest rates are already curtailing consumer spending and, considering the fact that there is a lag of four to six months before the effects of any rate increase are fully felt, inflation should soon be nicely within the target range. Consequently, I think that another interest rate increase in December - which is what Reserve Bank governor Tito Mboweni has said he wants - would be excessive.

As I noted last month, higher interest rates are not all bad. They help strengthen the Rand, lower imported inflation, reward savers and attract foreign capital.

But at the same time SA needs to keep getting people into homes, and not just because that helps the people who build, equip and sell those homes. Thanks to the government's promise that there will be no more informal settlements by 2014, homeownership has become part of the "South African dream" and a cornerstone of the social stability needed to sustain a strong economy.

Which means that special care must be taken to make home ownership accessible and affordable for new entrants to the market, and to encourage those who already own their own homes to keep them, even as rising fuel, food and municipal costs put pressure on their household budgets. And another interest rate hike would run contrary to this objective.

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.

In This Week's Newsletter:

Email any comments to the editor:
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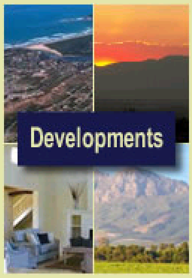

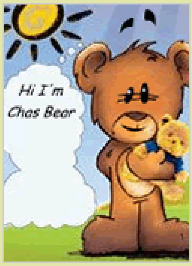

Getting on the first rung of the property ladder

The old adage that property ownership leads to financial prosperity still holds true - but stricter credit legislation, coupled with high house prices, has made it more difficult for young buyers to gain a toehold in the property market.

One of the first decisions young people who start a job have to make is where to live. And most of them will realise their only immediate option is to rent accommodation because it is unlikely they will be able to afford property of their own.

But there are ways in which young people can work towards this goal and put themselves on the path to future prosperity. In the first instance they should approach a bank or mortgage originator to find out what size bond they qualify for, based on salary and financial commitments such as clothes accounts or car repayments. In most cases the news is unlikely to be encouraging, but it will give them an idea of what price range they should target for a first property.

They should then take steps to improve their credit rating by reducing financial commitments and making sure that they maintain a good credit record. A savings account into which monthly deposits are made will not only help to accumulate a down payment on a property but also demonstrate financial discipline.

Realism is another necessary ingredient. It is not a good idea to delay buying just because you cannot afford a luxury home at first. It is a better option by far to buy a modest property and build up some equity - in other words, wait for the value to increase - before selling again and using some of the gains on a property closer to your dreams.

And if the only property you can afford is far away from where you need to live because of where you work, it is still an option. Such property can be let to tenants, who will help pay off the bond, while you continue renting yourself in the interim. Once the value of the purchased property has grown sufficiently, it can be resold and the proceeds used to buy a home for your own use.

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How to answer the call of the country

Stressed urbanites are increasingly succumbing to the allure of a country lifestyle.

Of course not everyone is lucky enough to escape to the country permanently for the simple reason that their jobs keep them city-bound. Still, there are always weekends and holidays - and a simple country retreat may sound like a sanity saver, especially if you own it and don't have to depend on its availability.

On top of this, it may be a shrewd financial investment. If you decide the time and to buy a country property, here are a few tips to get you started:

- Decide what type of country scene appeals to you - mountains, beaches, riverside, farmland, bush or forest - and pinpoint a feasible area that you can comfortably reach for a short breakaway. The closer to your permanent residence, the better the chances that you will be able to escape more often;
- Take time off to go and scout a few areas. Drive around to get a feel for each one and to make sure reality fits your dreams;
- Once you've decided on an area, subscribe to the local newspaper to gauge property prices and to get a feel for local issues and community values;
- Approach a reputable local estate agent to help you narrow down your search. A local agent's help can be invaluable since they are on the spot and can alert you when suitable property comes on to the market. Be prepared to make time to go and promptly view property recommended by your agent;
- Be patient and take your time. By their very nature, country properties may come to market at longer intervals than city property. But that does not mean you should not enjoy the search!

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Improve at leisure

The temptation to start improving your new home the minute you have unpacked the last box may prove overwhelming.

But a bit of restraint may save new homeowners a lot of needless work and a considerable sum of money for the simple reason that people who act in haste often repent at leisure.

For instance, most people like to repaint at least the interior of their new home before or soon after moving in. If, however, you repaint before you discover that you really cannot do without additional wall plugs or that the kitchen plumbing needs to be replaced, changes are high that you will have to repaint or live with a patchy paint job.

And there is no better way to discover what really needs to be done than to live in a house for a while. Chances are good that your initial list of improvements will have changed remarkably after living in your new house for a few months.

A good plan of action is to list all the improvements you would like to make and then prioritise projects based on cost and urgency. More expensive projects - those requiring professional help - can be put on a wish list and handled as finances allow, while cosmetic changes should be tackled only after due attention to structural improvements or renovation. It is an expensive exercise to lay new carpets only to have them ruined after the first summer storm because the roof is leaking badly.

Renovation also becomes more manageable when projects are tackled room by room. It causes less disruption to your household and makes it easier - and more satisfying - to track progress.

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Pay or say - you decide

If you like to follow your own lead, think carefully before buying property in complexes where a body corporate or a homeowners' association (HOA) makes the decisions.

Sectional title schemes are usually governed by a body corporate that enforces standards and rules, while cluster villages and estates are generally governed by an HOA.

And while homes in such secure complexes may enable you to live a lock-up-and-go lifestyle and be free of many maintenance chores, it does also mean that somebody else will always have a say in what you may do to the exterior of your home, for example, or just how the levies you pay will be spent.

So if you have any qualms about leaving such decisions to others, you should do your homework thoroughly before taking the leap.

- Get a copy of the body corporate or HOA's rules and make sure you understand them - once you buy a unit, you enter into a contract that you will abide by the rules. Potential conflicts may include restrictions on the size, type and number of pets; exterior fixtures such as antennas, clotheslines, and flags; fence types and the colour of paint; and whether home-based businesses are permissible;
- Ask what the monthly levies or contributions will cover and establish how often levies are increased;
- Ascertain that there is an adequate reserve fund to meet unexpected expenses - without such a fund there is a real danger that your property value may be affected if unforeseen repairs cannot be made due to lack of funds; and

- Ask for the minutes of recent meetings and the latest financial statement. If these are unavailable, think twice before committing yourself.

In short, you need to be very clear that you are comfortable trading off the freedom to make all your own decisions regarding your property for the convenience of having someone else maintain the property and oversee security.

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