



### FROM BERRY EVERITT

Hang on until July if you can. That's our advice to would-be home sellers at this stage because although the next six months will present many opportunities for brave investors, we don't think the general confidence that is vital for a resurgence of the market will take hold until the second half of the year.



While fuel prices, inflation and interest rates are already declining, it takes six to nine months for consumers to really feel the effects of such drops and for household budgets to ease up. In the meanwhile, the national Budget in February is unlikely to contain any major personal tax cuts, and there is an election to get through in April/ May that promises to be full of high drama.

And on top of that, we are likely to see the banks continue to take a hard line on credit and enforce their 25 to 30 percent deposit requirements, making it really difficult for potential buyers to get home loans and effectively putting a lid on the market.

But after June, the picture should change. Hopefully the fallout from the global credit crisis will have settled by then and a turnaround will be evident in the world's major economies. SA, too, should begin to experience rising economic growth once more with a concomitant rise in employment that is the surest consumer confidence booster.

Add to that the mounting excitement as we head towards the 2010 Soccer World Cup and we should start to see a steady rise in real estate sales activity and in property prices.

#### 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 Month's Newsletter:

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- Bargaining for a better rental deal
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- Warning bells on plastics

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#### Best time to buy is right away

With home prices in decline, many prospective buyers are trying to decide when would be the best time to take the plunge.

The question comes into play especially for buyers who have an existing property to sell and want to scale up to a better property. Do they go ahead or wait for prices to perhaps decline further?

For such buyers the best time to buy may be right now because the longer they wait, the lower the price of their existing home may fall. The argument for quick action is that the price reduction on the new home will be greater than the sum "lost" on the sale of the existing property.

For example: If the market value of your present home is R500 000, but because there is a lot of competition in the market and fewer buyers, you have to offer a 10% discount to attract buyers and ensure a successful sale. You will thus "lose" R50 000.

However, if the home you want to buy is priced at R1m, you can, in turn, realistically negotiate for a 10% discount because the same market forces are in play. If you succeed, you will pay R900 000, a "saving" of R100 000, which is double the amount you have "lost" on your own sale.

Also consider the real profit you will make on the sale of your existing property. Subtract the original purchase price from the discounted sale price to calculate the real profit, for example, if you paid R200 000 five years ago and sell for R450 000, your real profit is R250 000, less



sales costs such as commission. This calculation ignores any bond repayments since you would in any case have had accommodation costs during that period.

A word of caution though: Although the interest rate cycle is on a downward curve and is expected to bring about lower bond repayments in the course of the next year, it is always prudent to make sure that you include a safety buffer in your calculations in case the unexpected happens and rates increase.

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### Bargaining for a better rental deal

Tougher economic conditions are putting tenants in a stronger position to approach their landlords for better rentals or perks when the time comes to renew their lease.

Landlords don't want to lose good tenants and declining interest rates may make it possible for them to lower rents. And even if they won't agree to that, it's worth asking if yours is willing to maintain your rent at the current level and forego an increase.

Before opening negotiations though, you should arm yourself with relevant information about the current rental levels in your area and if you rent in an apartment block, it may be useful to find out what the vacancy rate in the block is. Low occupancy rates may encourage the landlord to make a deal.

And don't limit discussions to hard cash. Even if the landlord is unable to grant rent relief, you may be able to negotiate better perks. For instance, you might be able to secure an upgrade from an open-air parking bay to a garage, at no extra charge. Your car will then be better protected and you may be able to negotiate a lower premium on car insurance.

Tenants who rent from individual landlords should also consider bartering services in return for favourable lease terms. If your current contract includes a gardening service, for instance, you could offer to keep the garden shipshape in return for a discount equal to the monthly cost of the service.

It is also useful to remember that you may be able to negotiate very attractive terms if you show good faith by making it clear that you are interested in a long lease, say for 24 months.

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### What to buy for your new home

Homebuyers are often so wrapped up in the intricacies of property transactions that they neglect to draw up a shopping list for things they may need once they have moved into their new property.

This may be especially true of first-time buyers who are moving from a rented apartment to a home with a garden to maintain.

The following list may help to simplify the task:

\*First of all, budget for new door locks - you never know how many sets of keys the previous owners have given to neighbours, friends, family or staff members.

\* If your home comes with a garden, you will most probably need a lawnmower and other garden tools such as a hose pipe, watering can, wheelbarrow and garden forks, spades, rakes and slashers.

\* For home maintenance you will need a whole assortment of tools and the short list includes a hammer, a set of screwdrivers, hacksaw, pliers, wrench, tape measure, small drill and drill bits, as well as consumables such as screws and nails, sandpaper and plumber's tape.

\* Garden furniture adds to enjoyment of the outdoors and an outdoor table, a set of chairs and a sun umbrella is a good start.

\* Lastly, don't forget to budget for new curtains or window coverings, carpets and other furnishings or appliances that may be required in a larger home.

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### Warning bells on plastics

Chemicals that can leach out of plastic products have set alarm bells ringing worldwide. For example, Bisphenol A, or BPA for short, is a synthetic form of the hormone estrogen used in hard plastics and has been linked to heart disease, diabetes, and behavioural and reproductive problems. Phthalates - additives that make plastics more flexible - have also been linked to reproductive problems.

Although more research is currently under way, several countries have issued warnings or banned the use of these substances in plastic products, especially in baby or children's goods. And until safety limits of these substances are established, it makes sense to limit exposure as far as possible.

What you can do in your home is to use alternatives such as glass, porcelain or stainless steel to prepare or store food, and never microwave food in plastic containers, since heat promotes leaching of the chemicals into food.

You should also replace children's plastic lunch boxes with either brown paper bags or re-usable (and fun!) cloth bags, and rethink plastic baby or water bottles, especially if they are often left in a hot car. Try glass bottles or a stainless steel flask instead.

In addition you should limit the use of canned food, as many cans are lined with resin that contains BPA, and provide your children with toys made from natural materials such as wood. And finally, try to buy unscented soaps, shampoos, lotions and baby powder - phthalates are often used in bath and beauty products as carriers for fragrances.

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