

Deciding which home to buy - compare apples with apples



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There are a number of factors which need to be considered when making a residential property purchase.

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She says you may be acquiring a property as your primary residence, in which case the location of the property in relation to access to the workplace, schools and amenities is extremely important as this will impact on your daily lifestyle. Or you may be buying a property as a buy to let investment, where you need to consider the appeal of the area and the property for tenants, as well as the rental income it can achieve.

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She says when it comes to comparing one or more residential properties with a view to making that final purchase decision, it is important to try and compare apples with apples. “The first place to start is with the area or suburb. Consult a professional agent and ask for a comparative market analysis so you can ensure that the properties are situated in similar areas that attract similar prices. If one property lies in an area with a lower price ceiling than the other, then accordingly, you can deduct a proportionate percentage off the asking price.”

The next aspect to consider is the size and number of bedrooms. “A two bedroom apartment will always be worth more than a one bedroom apartment. Similarly, a four bedroom home will be worth more than a three bedroom home, even if the houses are of similar size.”

She says the third factor is the condition of the property and the finishes – the better the condition, the higher the price tag. In this regard, bathrooms and kitchens always carry the most weight. “The next factor to consider is extras or special features such as pools, sea views or garden cottages. All of these will add value,” says Reynolds.

“Finally, and most importantly, security is a priority and so the demand for secure properties is high. To illustrate this: if you have two identical homes and one is freestanding while the other is in a security estate, you will be able to add around 15 -20 percent in value to the property situated in the estate.”

She says there is also a general rule of thumb when it comes to supply and demand in the property market: The lower the price tag, the greater the buyer pool and the higher the demand. “Therefore, the value you achieve per million rand after a certain point tends to shift. For example, the difference between a R2 million home and a R3 million home is vast – the R2 million home will probably only have three bedrooms, it won't be in the best area and finishes will be simple. At R3 million the home will probably have four bedrooms, a swimming pool, be situated in a better area, have better finishes and the difference between the two homes will be very noticeable.

“Once you start reaching the higher price bands, the differences between for example a R6 million home and a R7 million home are not as noticeable. Often this is where finishes, security and area or location carry the most weight. Both of these homes will be comparable in terms of size, number of bedrooms and finishes, but the one with the higher price tag will be in a better area with better security.”

“In a nutshell”, says Reynolds, “at the bottom end of the market property size and number of bedrooms carry the most weight. At the top end of the market, where most homes have a similar number of bedrooms and are of similar size, this is where area and security really become the key differentiators.”

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