

# Key factors to consider when buying a coastal holiday home



12 March 2015

For many families it's a cherished dream to own a holiday home at the coast.

“Consider your own personal leisure interests, such as water sports, fishing, walking and the like. If the property has a sea view and is within comfortable walking distance of the beach it's even better, particularly if there are also amenities such as shops and restaurants nearby, as this adds to the appeal for a future buyer or investor, thereby ultimately enhancing the value of the property...”

What are the factors to consider when acquiring such a property, to ensure you make a wise decision that will provide you not only with years of leisure enjoyment, but also a sound investment in the medium to long term - and perhaps even a home to retire to in the future.

“While it's true that the purchase of a home usually tends to have an emotional component to it, there are other important aspects one needs to take into account,” says Greta Daniel, national sales and operations manager for Pam Golding Franchise Services. “First and foremost,” depending on individual requirements, a [coastal holiday home](#) should ideally be situated in a good location which is easily accessible and within easy reach of the leisure activities available. If you plan to use it for regular weekend getaways you will want to be able to reach your destination in a relatively short time.

“Consider your own personal leisure interests, such as water sports, fishing, walking and the like. If the [property development](#) has a sea view and is within comfortable walking distance of the beach it's even better, particularly if there are also amenities such as shops and restaurants nearby, as this adds to the appeal for a future buyer or investor, thereby ultimately enhancing the value of the property. Worldwide, well located coastal property is limited in availability, which increases its desirability and potentially its value,” says Daniel.

She says security is important, and in a holiday home one generally seeks a lock-up-and-go property which is easy to maintain, and which is also situated in an area with an active policing forum. It usually makes good sense for a holiday home to be situated within a sectional title complex as then security and external maintenance is taken care of via the Body Corporate / management of the complex.

“Holiday homes are sometimes sold with furniture but the price thereof should be calculated separately (on a market-related basis price-wise) so as not to push up the price on which transfer will be paid from a buyer perspective. In addition, banks don't take the value of the furniture into consideration if you are applying for a bank loan.”

## Potential for Rental Income

Daniel says a prospective owner of a coastal holiday home could hope to subsidise their bond effectively from leisure rentals, particularly if they are able to let the property during peak holiday periods during the year and use the home at low season for personal use. To appeal to a wide range of holidaymakers an apartment or townhouse should have two to three bedrooms and two bathrooms. Fully equipped holiday accommodation is the norm, and good appliances including washing machine, tumble dryer and dishwasher will present a more attractive offering in a competitive market. Good finishes in the unit also add appeal.

She adds: “To get the best return it would be wise to use the services of a professional and reputable leisure rental agency whose services cover financial administration to cover breakages and repairs, cleaning and the efficient handover and exit of every set of holidaymaker. The agency servicing and administering your coastal property investment should be registered with the Estate Agency Affairs Board, and if the property is within a sectional title complex administrated by a managing agent this is also applicable.

“The purchase of a holiday home, if well researched and bought at good value, is a sound investment. However, the prospective purchaser must acknowledge this is an investment and therefore requires careful administration to deliver a sound long term return. A sectional title complex where the Body Corporate has an effective management track record and healthy financial statements is prerequisite. If this is the case, the owner can rest assured that common property is in good order and general maintenance provides an attractive living environment.

“Before you commit to a purchase consult an experienced real estate agency in regard to the letting potential in the area, and also whether there is a steady flow of visitors through the year. Enquire about the capital growth potential of the property. Remember that any rental income has to be declared for tax purposes, so keep an accurate record of income and expenditure,” says Daniel.

If you are considering the purchase of a holiday home, finding the area specialist on [www.pamgolding.co.za](http://www.pamgolding.co.za) is a good place to start for professional advice.