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Tips for **first-time homebuyers** navigating the property market

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BUYING your first home? Property experts reveal the critical checks that could save you thousands - from pricing trends and neighbourhood research to hidden costs and insurance pitfalls. | UNSPLASH

BUYING your first home can be overwhelming, with so many factors to weigh up before deciding. From price trends and location to insurance and hidden costs, experts say doing your homework upfront is the best way to avoid expensive mistakes and ensure your investment grows over time.

The Absa Homeowner Sentiment Index for the second quarter shows the average age of first-time homebuyers is trending downward, with buyers now registering properties at 36 years.

Bradd Bendall, BetterBond's national head of sales, says new homeowners need to be aware of several key aspects before buying.

One of these is the price point of the property market.

The latest FNB Residential Property Barometer (August) shows freehold prices rising 3.7% and sectional title properties 3.8% – both comfortably above August's 3.3% inflation rate.

Bendall says other important checks include a property's history, how long it has been on the market (over 12 weeks could indicate overpricing), crime rates, neighbourhood issues (by chatting with residents and checking local social media), internet access, and nearby schools.

The MyProperty Property Index shows homes in Gauteng are staying on the market for more than 12 weeks, compared to just over nine in the Western Cape, more than 11 in KwaZulu-Natal, and eight in the Eastern Cape.

"Overpricing isn't just 'testing the market' – it delays your sale, erodes trust, and often results in the property selling for less than if it had been priced fairly upfront," says Adriaan Grové, CEO and Founder of MyProperty and Entegral.

At the same time, overall consumer confidence in the property market rose to 86% in the second quarter – the second-highest score since the survey began in 2015 – although fewer respondents to Absa's survey were positive about buying compared to the first quarter.

"Choose high-demand areas for better investment returns, and if budget is tight, buy smaller in a good location rather than bigger in a poor one," says Bendall.

Absa's report adds that "homeowners continue to hold onto their properties, primarily for investment purposes. Only 39% of the investor customer segment indicates that now is an appropriate time to sell."

Beyond market trends, experts caution that buyers must also examine the property itself, and a property's structure is key. Wynand van Vuuren, client experience partner at King Price Insurance, says many homeowners wrongly insure their property for its purchase price or loan amount instead of rebuilding costs.

Van Vuuren recommends a professional building inspection before making an offer, as inspectors can spot structural issues and help determine the right insurance cover.

"Many people think a bank's valuation of a property is the same as a home inspection. It's not. A bank evaluator looks to see whether there's sufficient value in the property to secure a home loan. They don't inspect the property for insurance purposes, structural defects, wear and tear, or other maintenance-related issues," says Van Vuuren.

Bendall advises prospective buyers to use online calculators to work out affordability and the likely deposit, based on current interest rates. Economists predict the South African Reserve Bank will keep the prime lending rate unchanged at 10.5% at next week's meeting. Another decision is whether to opt for a fixed or variable interest rate.

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Personal Finance recommends discussing this with a financial adviser, as each has different consequences.

It's also important to check your credit score, says Bendall, as a healthy score improves your chances of securing a bond at a favourable rate. "Although too much debt is never a good thing, having one or two accounts that you pay on time and in full will show a bank that you are a responsible lender."

Once you know your budget, get pre-approved for a home loan online. It's free, uses the same documents you'll need later (ID, proof of address, tax number, bank statements), and shows you are a serious buyer, greatly improving your chances of approval, says Bendall. Having 10% set aside for a deposit is also a good idea, he adds. It signals to sellers that you're serious, helps secure better interest rates, and improves the likelihood of bank approval. *Personal Finance* suggests investing this money so it's less accessible while also earning interest.

Before buying in an estate development with sectional title schemes and freehold homes, check levy requirements, says Andrew Schaefer, MD of property management company Trafalgar.

"This is why we advise prospective buyers to always first check what levies are payable to either the Homeowners' Association or the Body Corporate in a layered estate and what each type of levy covers," says Schaefer.

Schaefer adds, "This breakdown should be clearly set out in the purchase documents, and buyers should of course also check the financials of both the Homeowners' Association and the Body Corporate before making a final decision".

Bendall cautions that buyers must also budget for several additional costs:

- Transfer duty: payable to Sars each time a property changes ownership, based on its value.
- Transfer costs: payable to the transferring attorneys, calculated on a sliding scale of the purchase price.
- Occupational rent: payable if you move in before the home is registered in your name.
- Bond registration fees: payable to the bond attorneys who register your bond at the Deeds Office.
- Bond initiation fees: payable to the bank for processing your home loan application. You can either include this in your bond or pay it directly to the attorneys.
- Ongoing costs: electricity, water, and municipal rates and taxes – always ask to see a current bill.

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