

THE ADVANTAGES OF BUYING PROPERTY OFF PLAN

According to Mike Deacon, director of property developers Equity Estates Cape, two of the most difficult financial tasks are the preservation of capital and capital growth. The right property has been one of the best performing asset classes over the years, with generally only rand hedge-related investments having been better. The key word however is right. As with any investment if you buy the wrong product, you will face poor performance.

Deacon says, "With this in mind certain residential property has out-performed many other investments. The key though is to identify the areas with growth potential. This is a subject in itself but suffice to say here that it needs to recognise which are the prime areas, sociological/lifestyle changes and supply.

"The trend for buying property off-plan is now common place. This is especially the case in security estates, apartments and secure cluster homes. Residential property market elements have different dynamics, with prices for existing properties largely driven by market supply and demand. Buying off-plan remains popular and is now well established. The fact that there are no transfer costs as the developer pays VAT, is a big plus.

"Furthermore, after an initial deposit required to secure the deal and the delayed occupation time, which can be from 6 months to a year, buyers are afforded the extra time to save for the purchase. Another benefit is that many buyers get something modern, innovative, secure and customisable. Often developments appreciate in value significantly over the building period, raising the price of units by the time of completion."

Construction is well advanced at Equity Estates' New Court at Steenberg project, which is located in Zwaanswyk Road and set at the foot of the Constantiaberg, bordering on the Table Mountain National Park. More than 66% of the 18 double storey three bedroom luxury homes have been sold off-plan.

Deacon adds, "There is clearly a strong demand from buyers in the 50-65 age group, who wish to downscale from a large multi-bedroomed home on an extensive property with a high upkeep. This group are usually in good health, so it is premature to move to a retirement village. In many cases their children have left home, however they do not wish to compromise on the luxury touches and spacious living areas to which they are accustomed."

Deacon says that there are number of reasons for downsizing. One of the most obvious is to move to a more secure lock-up-and-go home. That is why there is a heavy focus on security, which will include a single entry/exit, manned 24/7, perimeter electric fencing, CCTV cameras and off-site monitoring. A powerful back-up generator will be installed to cope with expected power outages over the next 2/3 years.

“One of the key factors that makes this development exceptional and extremely attractive, is a full time estate manager, who will be permanently resident on site. He will supervise the property and look after all the residents’ needs, taking over all responsibility for any maintenance - ongoing and future exterior maintenance - even painting. This is ideal for the healthy ‘retiree’ who wants to travel extensively.

“We believe that New Court at Steenberg is completely unique and one of the most exciting developments of its kind that has come onto the market in Cape Town. The absence of sites like this will mean that repeats will be rare. In addition buying a home in a security complex has shown good capital appreciation.

“Also take into account that there are no transfer costs and when the 2016 payment date cost is discounted at current market prices, these units represent an extremely good investment. Add to that the quality, scarcity, location and uniqueness of the project and your purchase represents excellent value for money,” concludes Deacon.

According to Deacon the sectional title duplex units are priced from R8.590 million upwards including transfer duty and payable in late 2016.

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