



## SAGE ADVICE FROM AN EXPERIENCED PROPERTY INVESTOR

I am not a financial adviser and nor do I profess to know everything about creating wealth through investing in property. I do however have experience in making money from residential real estate.

My hobby is creating wealth and I study everything I can to become better at it. Through my "studying" - and by hard experience - I have become a firm believer in the ownership of bricks and mortar. It can't be stolen and if burned to the ground it is insured for its full replacement value.

I have been in the residential real estate business for some 32 years and over this time I have bought and sold (and held on to) some 60 properties. I have made much profit from speculating in/with property (buying and selling) and have also acquired wealth through "holding" property. To be honest, I have also had my fair share of failures. Whilst I did not enjoy these at the time, looking back now, I am eternally grateful for them as I am now a far wiser and astute investor. As such I can also advise my clients on what to do, - and more importantly, what not.

### Some of the things I have learnt over the years in investing in property are the following:

**Buy in a development.** Why? Because here the price includes vat and therefore you do not pay transfer duty. Also, what's nicer that buying something brand new and previously un-owned. Being new, you will also have years of low maintenance costs.

**Buy as early as possible (in a development), preferably at the pre-launch stage.** Why? Typically prices will rise as demand picks up. I have witnessed developments where prices have risen 5 times from date of launch to date of completion. It goes without saying that every time there is a price rise, the value of ones apartment increases to that of the value of the new price.

**Buy in a good location.** Why? Pretty simple explanation here. The better the location, the easier to sell when/should the time come to sell. Also, your rental demand is also dictated by your location. Lastly, - and most importantly - should you be purchasing for long term, then the better the location, the better your Capital Appreciation. Here you can't get much better than SPERANTA with its location being very close to the beach and with the added advantage that you are not paying beachfront prices.

**Consider proximity to transport and lifestyle activities.** Why? Whilst area choice (location) is of prime importance, proximity to transport and lifestyle amenities such as shops, restaurants, gyms etc. are also critical. As above, this adds to resale-ability and tenant demand.

**Be sure to buy in a buyer's market.** Why? In a buyer's market there is less demand than supply and therefore sellers (read developers) need to price keenly to sell their developments with the result being that you pay bottom dollar.

**Buy in a Sectional Title development.** Why? All those who have acquired wealth through real estate will tell you that it's all about PASSIVE income. This is self-explanatory inasmuch that your wealth must grow without you having

to work on or at it on a daily/weekly/monthly and annual bases. When buying in a sectional title complex, all the maintenance of the external building is covered in the levy so you do not have to worry about external maintenance and repairs. As example: I have not seen the inside of some of my properties for over five years, yet they have virtually doubled in value during that time and my rental income too has increased by some 50 % over the same period.

### THE MAGIC OF LEVERAGE

Leverage is the magic which occurs when buying in a development and it works like this. While you only required to put down a 10% deposit at the time of your purchase, your capital appreciation (growth) over the time it takes to complete the development, is based on the full purchase price - not just on your 10%!

As example, some 2 years ago I bought a property off-plan in a development in Big Bay (BONA VIEW) at the launch stage. Here I paid R1 865 000.00. I have not even taken transfer of it yet and its value has grown to R3 20 0 000.00. Yes, quite right, that's over R1 million in capital appreciation.

Lets not forget also that when in investing in properties such as this for medium to long term growth, it is your tenant who is actually paying for your investment, or at least the bulk of it for the first few years, up until such time as your annual rental increases matches (and then surpasses) your monthly bond commitment.

### GUARANTEED RETURNS?

Can I GUARANTEE your returns? The answer is, no. If I did so, you would know that I was guessing. No one can actually predict the future. Having said that, based on where we are now on the curve of the market (a buyers' market with prices depressed) and the fact that the drought is just about officially over in our beloved Cape Town - with semigration from JHB surely to begin again - I can pretty much predict a typical positive capital appreciation over the building period of between 10 and 15 % (if not more) - on your full purchase price!

Below you will find a brochure on SPERANTA. We have just recently launched and the prices are still at the pre-launch stage. As such, this gives you an opportunity to get your foot in the door before the prime units are snapped up (and prices increase). Merely for interest sake, I too am investing in a unit here

You can contact me virtually any time of the day from early morning up until 11pm at night. Should you be interested in investing here with us then I strongly suggest that we meet sooner than later.

I look forward to assisting you in this venture.

Regards

Mike



Your Neighbourhood Experts