6 tips to go from renting to buying

While many still opt for renting, it is a buyers' market and our current economic climate certainly lends itself to investors - particularly first-time investors.

Source: pixabay.com

"Picking up property in prime areas at reduced rates has never been more attainable. When factoring in th savings associated with transfer duties, relief in terms of personal income and reduced interest rates, we open the property sector up to a broader market and could see a shift from 'rentvesting'," says Grant Sme founder of EPiC South Africa.

The flexibility of a rental may seem attractive but Smee says that buying in today's economy could yield greater returns in the long run.

"The best way to assess the long-term investment value of renting vs. buying is to compare the total amou you spend on owning a home with the cost of renting over that same period," he says.

1. **Get pre-approved**

   "So often we see prospective buyers shopping outside their price range. They might have played around with basic bond calculators online, but they don't know what their affordability truly is".

   Smee encourages prospective buyers to get in touch with a bond originator or the banks to get pre-approval before house hunting.

   "This service is free. Understand what you can afford and let this guide your decision-making process terms of negotiating, location, size and price".

2. **Deposits: Are they needed?**

While receiving a 100% bond is not unheard of, Smee encourages buyers to build up a buffer.

“Regardless of whether you receive a full bond or not, there are generally additional costs that first-tin buyers tend to miss. Knowing what bond amount, you qualify for and its monthly repayments will also give you a better idea of what to save and budget for each month,” says Smee.

3. **Join forces**

“The banks want to give bonds, particularly to first-time buyers. While your affordability may be lacking on your own, consider joining forces with a partner and formalising a structured agreement around repayments and various other legalities,” Smee explains.

4. **Low-cost, low maintenance lock-up-and-go’s**

“We generally encourage first-time buyers to think smart. The more expensive the home, the higher your ongoing expenses will be” says Smee.

A low-maintenance lock-up-and-go home is easy to maintain and these are generally easier to rent ou

5. **Investigate other options**

“For those struggling to go the traditional route, rent-to-own has become an attractive option. While th isn’t a new concept, many people still don’t know that its available to them,” explains Smee. Rent-to-o helps potential buyers who need more time to save up for a deposit or to build up a credit history.

Another unconventional option is that of share block schemes.

“Rather than buying an apartment, you buy shares in the company that owns the apartment block. This of course, comes with its own set of pro’s and con’s, and doing your homework is critical” says Smee

6. **Build up a healthy track record**

“A criterion for lending is a healthy credit history. So often, first-time buyers have no debt to their nam While some may think this is a good thing, building up a good track record in terms of repayments to bank and 3rd parties will help secure a home loan”.

Before applying for a loan, Smee suggests contacting a financial advisor to ensure that you are in a good position to receive a loan. “For those rejected, it can prove difficult to receive a low-interest rate bond in future”.