

# **The pros and cons of buying a property vs renting**

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## **Should you rent or buy a residential property?**

It all depends on where you are in life, according to Paul Stevens, CEO of Just Property, who says that making the correct choice is entirely dependent on one's stage of life, financial situation and personal circumstances.

“Many South Africans aspire to own homes, feeling a sense of pride in their property and preferring to pay off their own bond rather than paying rent. Others favour renting a property because they may not be able to afford a deposit on a home in their current financial situation, or they find renting more convenient to their particular lifestyle. The choice of whether to rent or buy really is a matter of individual preference and circumstance,” observes Stevens.

### **Stepping stone**

The residential property market is, of course, subject to the economic vagaries of the future. Purchasing a well situated home is, therefore, critical and this remains a sound long-term investment. Indeed, the well-placed home can prove to be remarkably ‘recession proof’ in tough economic times.

For large numbers of South African families and individuals, the allure of owning a property of their own is irresistible. Purchasing a home allows buyers to immediately enjoy the lifestyle benefits on offer and to develop the property according to their own particular tastes. They can invest time and resources into the home secure in the knowledge that they are investing in developing their own particular property.

Many use their first home as a stepping stone into the property market and then progressively ‘buy up’ to larger properties as their financial situation strengthens and their life priorities change, as they start a family and so on.

Among the many other benefits of owning a property is that once the individual owns such a substantial asset it can be leveraged at a later stage in order to raise funds for a larger or more expensive home. This underscores the importance of purchasing the correct home.

### **The importance of location**

It would be advisable for first time buyers to rather seek a modest property in a suburb where homes have historically held their value well, as opposed to buying a larger home in an area where home values may be less stable.

Fortunately, there are a myriad property purchase opportunities in Gauteng and there are large numbers of excellent apartments and sectional title homes available for the first time buyer. We also note that many of today's estates and upmarket mixed-use developments are including a sectional title component, which makes them more accessible to the first-time buyer or younger professional.

### **The buy to rent investment**

People often decide to keep their original property as an investment when they move on to a bigger, family home. This can provide them not only with capital growth over time, but also good rental returns, which may assist them to settle their bond. Some investors go on to purchase a number of properties from which they derive a regular income.

### **The rental option**

As noted above, the rental option remains an alternative to those who are not able to afford to purchase a home. It should be noted that, in the short term at least, renting a home is cheaper than buying, as the renter does not have to invest in deposits, transfer duties, bond repayments and other costs. The owner is also usually responsible for rates and taxes, insuring the property, as well as maintenance and repairs.

Others appreciate the greater flexibility that renting may infer; it being easier to give notice on a lease rather than sell a home in order to relocate. This makes the rental option more appealing to contract workers who find they often need to relocate or those who wish to defer making a major financial commitment at their particular stage in life.

Renting may also be the preferred option for people who have relocated to a new city or to expats who are returning to the country after some years as it allows them to re-establish themselves before making major financial commitments.

“In summary, the decision to purchase or rent a property is determined by the individual. Whether buying or renting a home, it is important to do some research and make decisions that are right for you. A trusted property advisor specialising in both these fields should be able to assist you to find a property that is appropriate to your particular life situation,” concludes Stevens.