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MAY/JUNE 2023



PROPERTY TRUSTS
Demystifying the uses and benefits

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Solutions that don't destroy your credit score

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Jaco Grobbelaar shows us how

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EDITOR'S VIEWPOINT

Six business trends and realities we are facing to move forward.

We hope that this finds you well and enthusiastic about the world of real estate investing despite critical issues impacting investor confidence.

Every year becomes a year of significant change that we need to navigate through the post-pandemic normal, especially in our businesses and real estate markets. Mike Freislich a trainer, coach and co-founder of a company called We Do Change shares six organizational changes impacting your team and business's ability to become agile, modify and move forward.



- **Office obliteration.**

Question is should we now embrace work from home/anywhere to head back to the office? It is a tough battle, especially when you consider the number of expensive office buildings that stand empty. But the truth is, there are benefits of working from home. Research shows that working from the comfort of your own home, and not having to commute to and from the office, boosts productivity and morale, especially amongst introverted individuals.

Why would anyone want to head back to the office? Well, like it or not, we humans need to feel connected to thrive. Never underestimate the value of an in-person format that allows us to feed off each other's energy, movement, body language and eye contact.

- **Loadshedding troubles**

Access to a reliable electricity source and good internet connectivity is essential to any business, but more so for ones

EDITORS PICK:
Investment Webinar - Create wealth in student accommodation

who have a remote working environment.

Our worsening energy crisis means that most South African businesses are without electricity during the working day, which creates an added burden of stress for employees who are unable to properly conduct their roles and responsibilities.

Loadshedding pressures cause distractions and disruptions to things like meetings and can have a negative impact overall on what is possible in terms of value creation.

- **A struggling economy**

Around the globe, everyone is feeling the pinch of a downward-trending economy. In South Africa, the effects amplified by the near overnight doubling of fuel costs, thanks primarily to the war in Ukraine, compounded by the effects of state-capture, the pandemic, and an unreliable electricity supply.

Maslow's hierarchy of needs tells us that if a person's fundamental needs are not met, they simply will not be able to do their best work. I have noticed that people are more tired and emotionally worn out this year. This leads to sluggish productivity and elevated levels of apathy.

- **Rapid organisational response to changes**

We have seen major decisions handed down from leaders for execution without any context or consultation. Whilst at times this is a necessary approach, it leads to demotivation. Everyone wants to feel like they are a valued member of a team, and that their views are appreciated. I have seen so many instances over this year where better communication and inclusive decision-making would have led to far better results.

- **Stimulate new ways of thinking**

Allowing people, the space to breathe has been so important. Many of us have felt stuck in our jobs while constantly facing challenges that impede progress.

Businesses need to be open to reinvention in the new norm. For example, consider shortening all meetings by ten minutes to afford people the time to move around and regroup before the next zoom call. Screen-time is one of the main reasons why our team has chosen to convert our traditional two day, in person training to half-day online sessions spread over three-to-four days.

- **Taking care of mental health**

This is the biggest health crisis of the pandemic but is often hard to spot. When somebody is behaving below perceived expectations, it is important to generate empathy. One way to do this is to pause before responding and consider no less than five plausible reasons as to why they are behaving this way.

Communication is always your best friend in these circumstances. Employees need to feel reassured that leaders are understanding, and that help is available, if required.

Lastly, we want to express our gratitude for your continued support and readership. It is your engagement and enthusiasm that drive us to deliver valuable content month after month.

Successful investing

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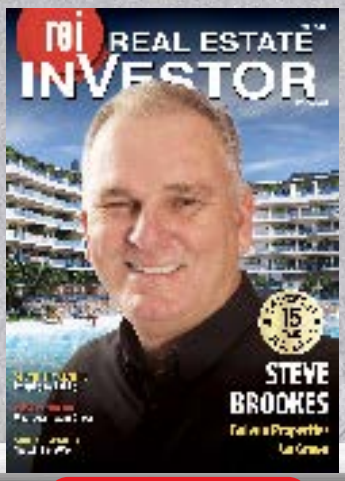


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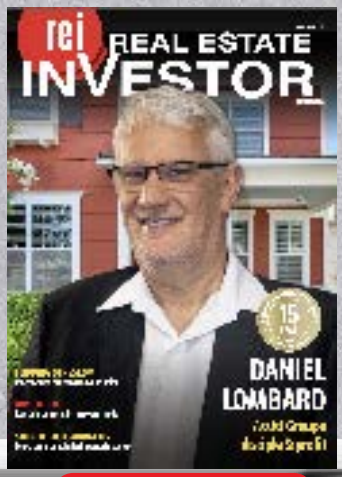
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ASK THE EXPERTS

Send your questions to info@rei.co.za or post on our FaceBook or LinkedIn pages and we will direct them to the necessary expert



UK Building safety act - guide for UK residential contractors

REBECCA WILLIS
Barton's Solicitors

've heard about new building safety laws in England - what is it?

A

The Building Safety Act of 2022 aims to improve the safety of high-rise buildings in England and Wales by establishing new regulations for the design, construction, and maintenance of buildings. It was introduced following the Grenfell Tower incident of 2017 to address and remedy the risks with large residential buildings. As well as building owners, individual leaseholders may also be responsible for costs relating to the removal of dangerous cladding and remediation of non-cladding defects.

If the building is at least 18 metres in height or has 7 or more storeys, it is defined as a 'higher-risk building' and is subject to the requirements of the Act. To comply with the regulations, a higher-risk building must have an EWS1 certificate, an EWF Pledge or confirmation from the government that it qualifies for funding from the Building Safety Fund.

In some cases, a leaseholder may qualify for full protection from cladding claims and capped protection from other claims, though in all cases leaseholders cannot be asked to pay more than their service charge percentage as per the lease.

If the building owner was, or was associated with, the developer on 14 February 2022, the leaseholder is protected from the remediation costs under the 'developer test'.

A 'qualifying leaseholder' under the Building Safety Act 2022 has a lease of more than 21 years of a single dwelling granted before 14 February 2022 in a building of at least 11 metres or with 5 or more storeys. On 14 February 2022,







the qualifying leaseholder owned less than 3 dwellings within the UK, and this property was their main residence. They also pay a service charge. A 'qualifying lease' has full protection from all cladding costs.

If the property did not qualify for protection on 14 February 2022, it can never become a qualifying lease. This must be reported to the mortgage lender at an early stage as some lenders will not proceed.

Here are the key responsibilities you'll play to ensure your company's buildings meet the necessary safety standards and compliance set out in the Building Safety Act.

1. People – hire someone to cover the red tape
2. Money – wisely allocate the resources and plan ahead
3. Reporting – regularly update stakeholders and regulators
4. Technology – find technology to help you achieve the golden thread

In a future edition we shall look at the impact on investors if any at all.

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FAQ on Property trusts, testamentary and living inter vivos trusts

ANNEMARIE SCHUTTE
Treasury Trust Services (TTS) - Destinata Holdings

I have am exploring setting up a trust structure and have questions around amending the Trust Deed, making provision for amendments and the difference between a living (inter vivos) and testamentary Trust?

Trusts have a multitude of uses, and we're here to unravel the mysteries surrounding Trust setups.

1. Can I amend my Trust Deed?
Yes, you can. According to common law, the Trust Deed serves as a contract between the Founder and Trustees, with the Beneficiaries, who are seen as the "third-party". This means that the parties involved - the Founder and Trustees - have the ability to make amendments through a mutual agreement, as long as they are following the principles of the Law of Contract.

To amend the Trust Deed, the consent of all parties who have signed the contract is generally required, unless the Trust Deed specifies otherwise. It's important to note that beneficiaries who have previously accepted benefits are also considered as parties who have signed the contract, and thus their agreement becomes part of the amendment process.

Depending on the type of amendment, your Trust Advisor will either prepare a replacement Trust Deed or a Resolution containing the clause amendments.

2. What if My Trust Deed does not make provision for amendments, can I still amend it?
Yes, the general rule is that where the Trust Deed does not contain a variation clause, the Trustees will still be able to amend the Trust Deed, in terms of the Law of contract – the original parties to the contract (Trust Deed), may amend the Trust Deed.

If the Founder is not alive, the Trustees in office along with the Beneficiaries who have accepted any benefits from Trust, must consent to the amendment.

3. My Trust Deed prohibits amendments, what do I do?
It is important to have your Trust Deed reviewed by a specialist like TTS Trust Advisors , whereafter your will receive recommendations regarding amendments to ensure your Trust Deed is in line with our laws. Amendments will then occur in two stages:

First, prohibition clause needs to be amended (by mutual agreement between the Founder (if still alive),

Trustees in office and Beneficiaries who have accepted a benefit.

Secondly, the Trust Deed in its entirety or the resolution tabling the amendments, may be submitted to the Master of the High Court

Your Advisor may recommend filing a replacement Trust Deed, meaning your original Trust Deed will be replaced in its entirety with a new Trust Deed. This is generally recommended because it will prevent confusion when the original Deed needs to be read with the amendments.

4. Do my Trust beneficiaries have a claim on Trust assets?
If you have a properly structured living discretionary Trust, the answer is no, however I need to qualify this answer.

A discretionary Trust assigns the sole discretion relating to all decisions, to the Trustees. These decisions include, but are not limited to, the investments made, allocations/distributions of income or capital, etc. This means no beneficiary has a vested right or claim against our Trust assets, they only have a hope to receive a benefit.

The beneficiaries do, however, have a right to proper administration of the Trust since Trust assets are administered for the benefit of the beneficiaries. If you distribute taxable income to a beneficiary and the cash does not leave the Trust's bank account, that beneficiary will now have a loan with, or vested right, in the Trust.

5. Why should I rather set up a living (inter vivos) Trust instead of a testamentary Trust?
A living Trust is created while the founder is alive and a testamentary Trust is created through the deceased's Will, on death, thus the founder is deceased.

With a testamentary Trust you will first pay estate duty, executor's fees, capital gains tax, and most probably auction fees, before effect is given to your bequests. By this time, you might have lost more than half your asset value just to cover these costs.

We recommend setting up a living, discretionary Trust, as we want you as the initial beneficiary to receive the benefit while you are alive. Some of these benefits are full asset protection against creditors, continuity of your legacy, tax savings (conduit principle) and eradicating your personal estate to eliminate or reduce estate duty, executor's fees, capital gains tax, etc.

6. Do I still require a Will when my assets are in Trust?
Yes, you do. Even though all your assets may be in Trust, you may still have a loan account with your Trust, which is an asset in your estate until settled in full. Since 2017, when legislation regarding loan accounts changed, it is even more important to address this in your Will.

You also need to appoint an executor to administer your estate. If you have minor children, you need to appoint a guardian for them. If you do not have a valid Will on death, you will die intestate, then the Master needs to appoint an executor and your wishes will not necessarily be carried out, since the heirs will be determined by the Intestate succession Act.

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INVESTOR GUIDE TO FINANCIAL FREEDOM

How to grow and protect your wealth in real estate investing

By Neale Petersen



Once upon a time lived a remarkable man named Jaco Grobbelaar who was raised and educated in the city of Bloemfontein 'the city of roses' (also known as Mangaung, meaning place of cheetahs) in the Free State province.



After matriculating at Grey College in Bloemfontein in 2006 (a factory for producing famous sportsman and businessman) with seven distinctions he already identified property as a vehicle for building his future businesses and personal wealth.



Since Grade 8, he has been very passionate about property. He believed then and still believes today that the best returns earned are from sound property investment. His interest in property investment developed even more when he read the book 'Rich Dad Poor Dad' by American entrepreneur, author and investor Robert Kiyosaki. He started reading more widely on books on property investment and attended many property investment seminars to learn more. At only 21 years old, he bought his first investment property and has not looked back since, building a substantial property portfolio for himself and

MINI BIO

Name: Jaco Grobbelaar
Age: 35 years old
Company: Prosperity Enterpr
Current position: Managing
Family: Wife and two daught
Hobbies: Surfing, snow skiin
Books currently reading: Pri
order: Why nations succeed a
Life motto/favourite quote:
to get extraordinary results. I
1-foot bars that I can step ove

today he is teaching and assisting others to do the same.

While in high school he began his journey as an entrepreneur started delivering newspapers for additional cash from Monday to Saturday from 4 am to 6 am so that he could start investing in shares, which was the start of his journey as an investor and entrepreneur. This instilled tremendous amount of self-discipline in him that still carries with him today. This enabled him to start his first business when he left school, which gave him a head-start to become the successful businessman that he always wanted to be.

After matric he studied a B. Com Financial Management at the University of the Free State (UFS), and graduated Cum Laude in 2009. He then continued his B. Com Honours studies and attained his degree in Business Management at UFS (Cum Laude). He then studied as a Chartered Financial Analyst, CFA Institute (CFA Level 1, 2 & 3) and passed on his first attempt. Property investments, structures and finance has subsequently become his speciality and passion within property. Today he is also studying towards an Advanced Diploma in Trust Administration & Deceased Estates, also at UFS.

rises
Director
ters (3 and 0 years)
g, and reading
nciples for dealing with the changing world
and fail – Ray Dalio
'It is not necessary to do extraordinary things
don't look to jump over 7-foot bars; I look for
er.' – *Warren Buffet*

Jaco often speaks passionately about the profound impact his faith in God has had on his life. He acknowledges that while various experiences have shaped him, none has been as his most significant encounter with Jesus and finding a spiritual home in the Christian Revival Church. Jaco attributes his spiritual growth and continued guidance to his active involvement in the Christian Revival Church.

The church community provided him with a place of worship, fellowship and mentorship. He found support and encouragement from fellow believers who shares his passion for both spiritual and personal growth. Jaco continues to inspire others to pursue their dreams, live with integrity and seek a higher purpose in all that they do.

His parents also taught him from a young age to be independent and take responsibility for his own life. His wife also plays a massive role in his life. Since they started dating just after school and married at 22, she has been his rock, support, and stability for the last 15 years. She enabled him to build his business and investment portfolios with focus and dedication without distractions.

When his first daughter was born, everything changed. Parenthood has also changed their lives differently, even though they make them a little more hectic and busy, he believes his life is better in the best way possible because of his children.

Business and career

Jaco cut his teeth and gained experience in many different businesses in his formative years. His big break into property was at the tender age of 26, Jaco received an opportunity to be the Chief Financial Officer (CFO) for a multi-national wholesale company. This environment pivoted him into a space where he could now start building his own property



investment business and scale to a larger property portfolio.

One of Jaco's first jobs was as a Project Manager at a company called MYstore in 2009, who had 10 convenience stores. They sold licensed business unit convenience stores suitable for the informal market. His management duties spread across general management which included operations, financials, and sales.

He then moved to Ellies, (a diversified manufacturer of electronic products listed company on the JSE) as Operations Manager in September 2010. He created and implemented all the Standard Operating Procedures (SOP's) for the business' operations, created a



stock ordering model to manage stock levels, and created a KPI management tool for employees in the operations division.

During this period he also founded a business called moBibar that provided mobile, private and cocktail bar & beverage services for events. His management duties covered General, Operations, Financial, and Sales. The business was eventually sold for a healthy profit and that is when he also decided to relocate from Free State to Gauteng.

In May 2013 soon thereafter he then moved to a company called Logos as their Chief Financial officer (CFO). Logos is a world-class distributor of relevant technology across Africa with branches in South Africa, Mozambique, Zambia, Mauritius, and Uganda. They had an annual turnover of over R100 million with over 90 employees.

As CFO, he was part of the executive committee that turned a small business into an international, multi-million-rand organisation. He also created a financial model to manage the entire business and its growth and a costing/pricing model to determine landed cost prices and selling prices for all products.

Journey into property

Jaco first became directly involved in the property industry when he built a financial model for his own property portfolio to calculate the Internal Rates of Return (IRR's) and cash flow of my various properties. This software has since been developed for his clients to assist them with calculations such as IRR, Gross Rental Yields (GRY), Net Rental Yields (NRY), Shortfalls, etc.

Jaco's core business today is Prosperity Enterprises which he founded in 2016 already to empower people to build and equip people to protect their wealth and achieve financial freedom through proper structuring and property investment. They do this through property education, structuring, and administration services. Currently, the company helps oversee property portfolios of more than R650 million and his property investment seminars are known as some of leading seminars in South Africa.

What category (equities, shares, property, offshore, etc.) of investment has produced your most significant returns?

In the last 50 years, property prices have increased an average of ±10% per year. Also, in the last 50 years, property prices declined or depreciated in only three of the 50 years. There is good capital appreciation on property, and rental escalations also increase quite consistently.

Price is determined by supply and demand. South Africa's population in 1994 was ±40 million people. Today we are sitting with just over 60 million people in the country. These people need roofs over their heads. This is demand. From a supply perspective, there is limited land and resources to build, which can create a shortage and, thus limited supply.

Property investment has by far generated the best returns of all asset classes. However, using leverage (the bank's money) correctly is imperative. When you do that, your properties' cash flow will

BUSINESS HIGHLIGHTS AND BIGGEST ACHIEVEMENTS

- Helping to oversee property portfolios of our client base of more than R650 million.
- Hosting Prosperity Enterprises Seminars across South Africa with more than 1,000 attendees at the full-day seminar and helping people achieve financial freedom in this way
- Hosting various Prosperity Enterprises Webinars online with more than 5,000 attendees and equipping people to build their property portfolios in the correct way
- Building a client base of over 1,000 clients in our trust structuring and trust administration business
- Obtaining financing of more than R500 million for our clients
- Writing and publishing his book: Prosperity Through Property
- Becoming a Chartered Financial Analyst (CFA) Charterholder

be healthy, and you won't suffer major shortfalls. Try to buy your properties below market value to see an 'immediate' return on your property investments.

Business philosophy

Everything is about consistency. It's not about how much you can do today but how much you can consistently do every day. For example, if you can consistently maintain healthy habits, the rest will take care of itself. I also believe in being the best version of yourself. Anything else is not good enough.

His vision is to be the leading property structuring and property investment company to his target market. Also, with the financial models and business plans he has built, he sees great opportunities to significantly scale the type of property investments he has made in the past. So, watch this space!

Biggest challenges in your career and how did you overcome them?

The ability to maintain focus and focus on the right things.He has become very selective about what he get involved in and

JACO'S KEY LESSONS AND ACTION GOALS FOR INVESTORS

1. Get an education in property investment. You can only produce what is in you, so you need to invest in yourself first.
2. View, view, and view some more properties. Determine the number of properties you'd like to view per month and feed your funnel of property acquisition.
3. Submit those OTPs. If you want to acquire a certain number of properties in a year, you need to submit a certain number of offers to purchase (OTPs).
4. Plan your defence. Set actionable goals for how much funds should be in your reserve fund and how to build towards that amount, whether it is through saving or refinancing. Remember, cash is king and the more cash you have, the more you can operate as a king.
5. Take up space (or rather occupancy). Ensure you reach your occupancy ratio target and that your occupants (tenants) pay.

ensures that it fits into the bigger picture. As an entrepreneur, one of the biggest questions he asks himself daily is, “What will I focus on today?”

Key insights, knowledge or lessons that you gained

As a young man, he received this advice from an experienced investor: “You don’t save yourself



How do you buy yourself rich? Simple! You purchase assets that appreciate and generate positive cash flow. The number one goal he set for himself every year is how many properties he can acquire during the year that meet his investment criteria.

Jaco says, ‘It doesn’t matter what your goals look like, what does matter is that you set them! So, dream big dreams, set those goals, and build your property empire!"

Opportunities in South Africa as well as throughout Africa

There is an opportunity to develop affordable accommodation near the working hubs that are often expensive to live close to. Or creative, affordable housing solutions, in other words. Also, property investments that are not dependent on electricity supply from the state (off-the-grid solutions within the property investment space).

What don’t people know about Jaco?

Jaco says, ‘There is not a night that goes by that I do not read before I go to bed. Developing yourself is

the key to success, as you can only produce from what you have put into yourself.'

'I am also extremely selective about who I spend my time with, what I watch, what I listen to, and which places I visit, as I believe this determines my future. I also make a mean cup of coffee.

Lasting legacy

Jaco wants to leave the world a better place than he found it. He plans to do it through building churches that will continue to impact people's lives long after he has gone and building businesses with integrity where all the stakeholders (shareholders, staff, clients, service providers, financiers, etc.) are better off because of us.

To this day Jaco continues to transform investor's, properties, communities and lives. His legacy serves as a reminder to aspiring real estate investors that success is not just measured by financial gains but the positive impact they can have on the world around them.



ENQUIRE NOW

MOST IMPORTANT LESSONS LEARNT FROM INVESTMENT EXPERIENCE

We have built a substantial residential property portfolio over the last 15 years. His advice to anyone who wants to do the same is this:

1. Have the correct structures in place
If you intend to own more than one property in the future, do not buy a property in your name. Ensure you have the correct structure (e.g., a Holdings Trust and Company) in place BEFORE submitting your first OTP.

2. Buy property at a discount
You make your money when you buy. If you buy a discounted property, you make an immediate unrealised profit that you can access in the future. There are many reasons why property sellers have to sell a property below market value.

Property is one of the asset classes where there is the possibility of buying at a discount, i.e., below market value. This can be because of financial distress, death, divorce, downsizing/upsizing, immigration, poor presentation of the property, uninformed sellers, etc.

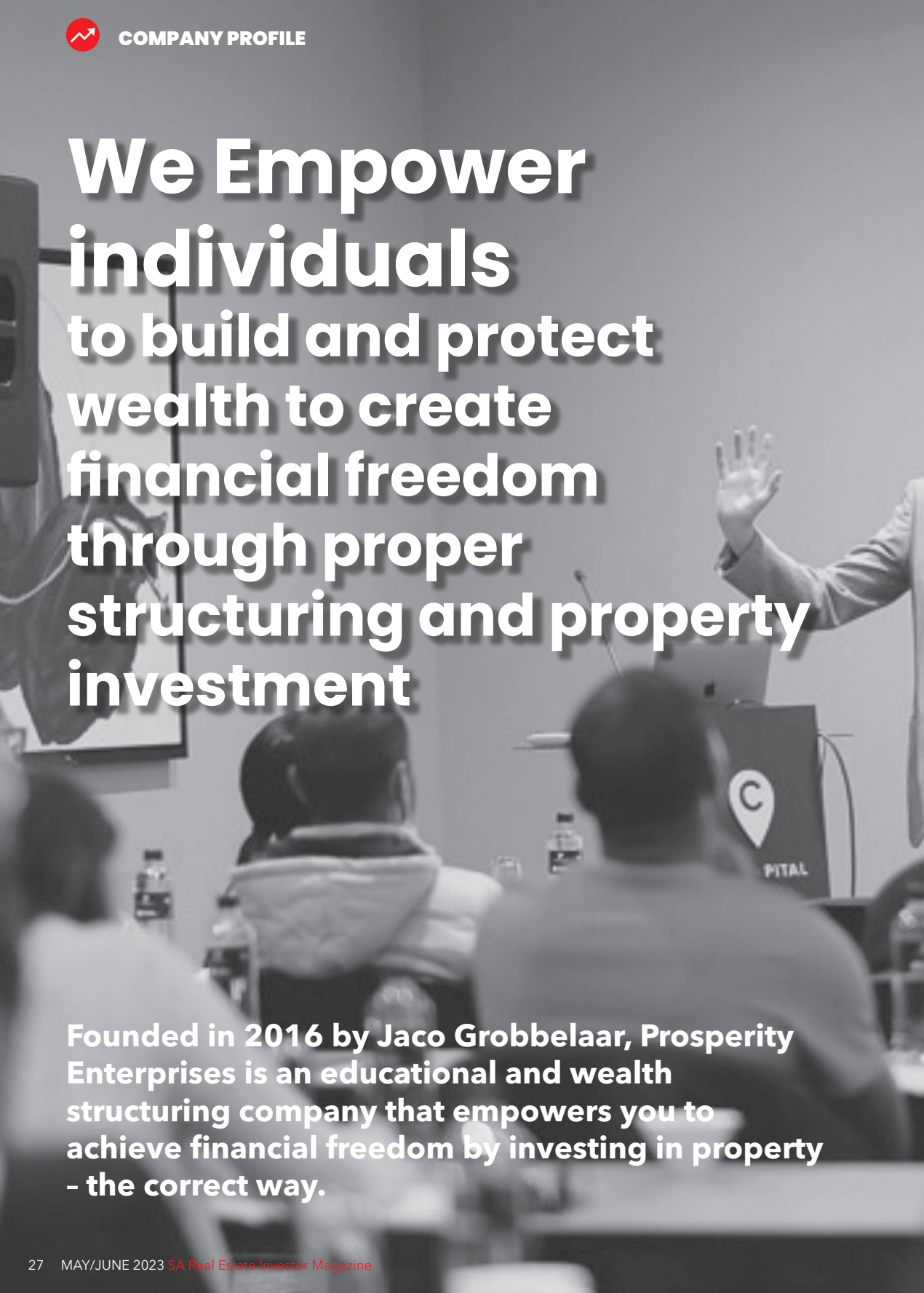
3. Build your financing capability
If you want to finance a property, you need a good credit record. Although it is noble to have no personal debt, it is a disadvantage when you want to finance a property. You need credit to get credit.

Property is the asset class that you can leverage most. This is because banks are willing to finance 100%+ of the asset and the downside risk (properties depreciating in value) is extremely low.

4. Have cash reserves
Cash is king, and you need cash reserves for the transfer fees and bond registration costs when buying a property. Also, ensure you have some cash reserves available after acquiring the property in case of an emergency.

5.Build a strong investment team
"In a multitude of counsellors, there is safety." The rich surround themselves with experts. If you want to do something great, you are not going to do it alone, including building your property investment portfolio.

We Empower individuals to build and protect wealth to create financial freedom through proper structuring and property investment



Founded in 2016 by Jaco Grobbelaar, Prosperity Enterprises is an educational and wealth structuring company that empowers you to achieve financial freedom by investing in property – the correct way.



PROSPERITY
ENTERPRISES

About Prosperity Enterprises

Over the years, we have equipped our clients to invest in property and build and protect their wealth through three main pillars: Education, structuring, and administration services.

Thanks to our expertise and passion for property investment, we have equipped property investors across South Africa and the world with the tools they need to prosper. Some of the platforms we've been featured on include:

- Industry-leading property investment expos and shows across South Africa
- Property investment magazines and resources

We proudly service experienced and first-time property investors and help them navigate the complicated investment world. It would be our honour to help you do the same.

Our vision

To be the leading property structuring and property investment company to our target market.

Our mission

To empower individuals to build and protect wealth to create financial freedom through proper structuring and property investment.

We love to

Challenge the stigmas surrounding property investment and wealth creation.

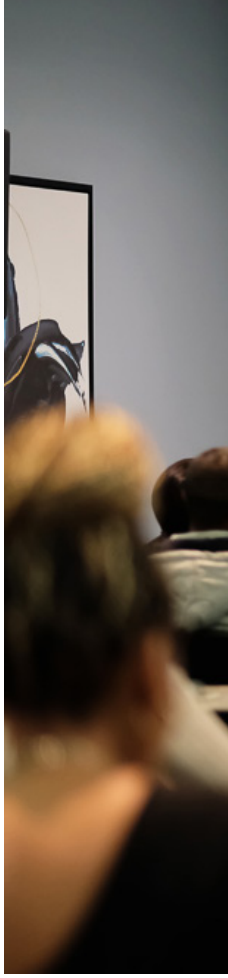
Our values

We strive to equip and empower you to live your best life by creating a culture where our clients, team, and other stakeholders can experience these values daily:

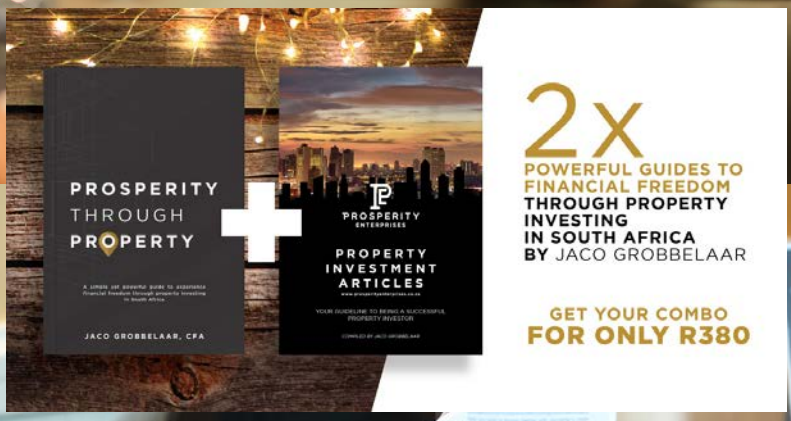
- Everything should be done in *excellence*.
- Everything flows from our *Why (Purpose)*
- Every person should live out their *Passion* in life
- Life should be in *Harmony*
- Life should be filled with *Abundance and Generosity*
- *Simplicity*

Our offering

With Prosperity Enterprises, you'll have everything you need to invest in property the correct way.







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Our expert services include trust registration, trust administration, trust accounting and tax services, bond origination, and more.

Property Investment Education and Resources

The best investment you can make is in yourself. The second best is in property. Gain the knowledge and skills you need to build wealth and secure your financial future through property investment with our educational full-day seminars, free webinars, YouTube videos, and books.

Trust Structuring

Correct trust structuring is critical to building and protecting wealth if you want to create financial freedom through property investment. We help you invest in property the right way and achieve exceptional returns with our expert guidance and support. Through our trust structuring services and consultations, you can ensure your property investment portfolio and trust structure are fully optimised.

Trust Accounting

We offer expert accounting and tax services related to trusts, structuring, and property investment. Now you can enjoy the benefits of investing in property through trusts without the added stress. Some of our accounting services include assistance with Annual Financial Statements, annual general meetings, and tax returns.

Bond Origination

Using a bond originator that is experienced in obtaining financing in trusts saves you a lot of time and money. Our trusted bond originators have assisted most of our clients across South Africa with their financing applications (R500 million and counting). They handle all the negotiations with the banks, at no cost to you!

Conveyancing

Using a conveyancing attorney that you know instead of the Seller's conveyancing attorney ensures you get better service and saves you thousands. Our conveyancing attorneys have facilitated the transfer and bond registration of many of our clients. We even have a bulk discount arrangement in place with them for all our clients!

Property Investment

If you've been looking to get into the property investment game but

don't know where to start, we have you covered! We can facilitate joint ventures and help you identify investment opportunities in property and other assets. You can rest assured that you'll have experts guiding you all the way to exceptional returns.

Guest Speaking
Engage and challenge your audience with Jaco as your energetic and passionate property investment expert. Jaco is a sought-after international speaker who uses his expertise, experience, and passion to help others achieve financial freedom through property investment. Book him for a challenging, fun, and interactive session at your next event.

Why choose Prosperity Enterprises
We are your trusted property investment education and wealth structuring provider. We help ensure your property investment journey is positive and seamless.

15+ years of property investment experience
We know this business like the back of our hand and will guide you every step of they way with trusted tips, tricks, and strategies.

1,000+ number of trusts registered/structured
Enjoy peace of mind knowing that you have trust structuring experts on your side who will help you optimise your portfolio.

R500+ million financing secured for our clients.
Confidently pursue your property investment dreams as we help you secure financing in the same way we've done for others.

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We look forward to being part of your journey to build and protect your wealth through proper structuring and property investment. Get in touch with us today.

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ADDRESS: Block B, Infinity Business Park, Cnr William Nicol Drive and Pieter Wenning Road, Fourways, Johannesburg, 2068

5 factors impacting the current property market right now

By Editorial



The property investment world is constantly evolving, and staying on top of the latest trends and analyses is essential if you want to succeed in this highly competitive market.



In the last few years, the global economy has changed significantly, which has impacted the property sector in many ways. Many factors influence the current state of property investment, from rising interest rates to evolving demographics and technological advancements.

We explore 5 of the most important trends and analyses to consider if you want to make informed decisions and stay ahead of the property investment game.

01 Gross Domestic Product (GDP)

According to the International Monetary Fund (IMF), global growth is projected to slow from an estimated 3.2% in 2022 to 2.7% in 2023.

The real GDP growth in South Africa (SA) was 2.6% in 2022, and the IMF projects it to be 0.1% and 1.5% in 2023 and 2024, respectively.

02 Inflation

According to Trading Economics, the annual consumer price inflation in the US declined to 4.9% in April of 2023 from 6.5% in December 2022.

Statistics SA shows that the annual consumer price inflation in SA was 7,1% in March 2023 compared to 7.0% in February 2023.

The current prime interest rate in SA is 11.25%. Many economists believe that interest rates are nearing the top before they will begin to stabilise.

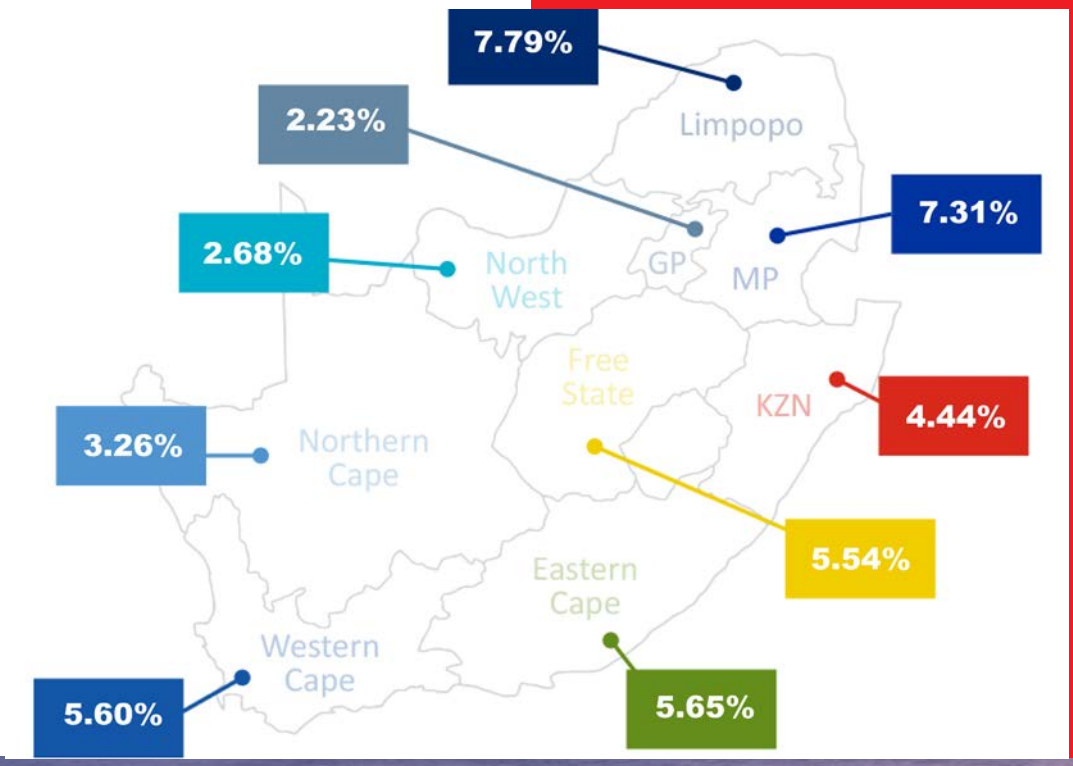
03 Property Price Growth

It's not all doom and gloom for property investors! There are so many opportunities to take advantage of. According to Lightstone's Residential Property Index (March 2023), property prices' current annual capital growth is 2.6%, with Limpopo performing the best and Mpumulanga in second place. Annual property inflation in the Low-Value segment was again much higher than in other segments.

Paul-Roux De Kock, Chief Analytics Officer at Lightstone, says three scenarios suggested that House Price Inflation (HPI) in SA for 2023 would likely come in between 0.9% (low) to 2.3% (mid) or 3.7% (high).



This map shows the latest Lightstone Provincial HPI status.





Interestingly, Lightstone also says that coastal properties have performed better than non-coastal properties for most of the time since 2014, and freehold properties have outperformed sectional properties for most of the time since 2010.

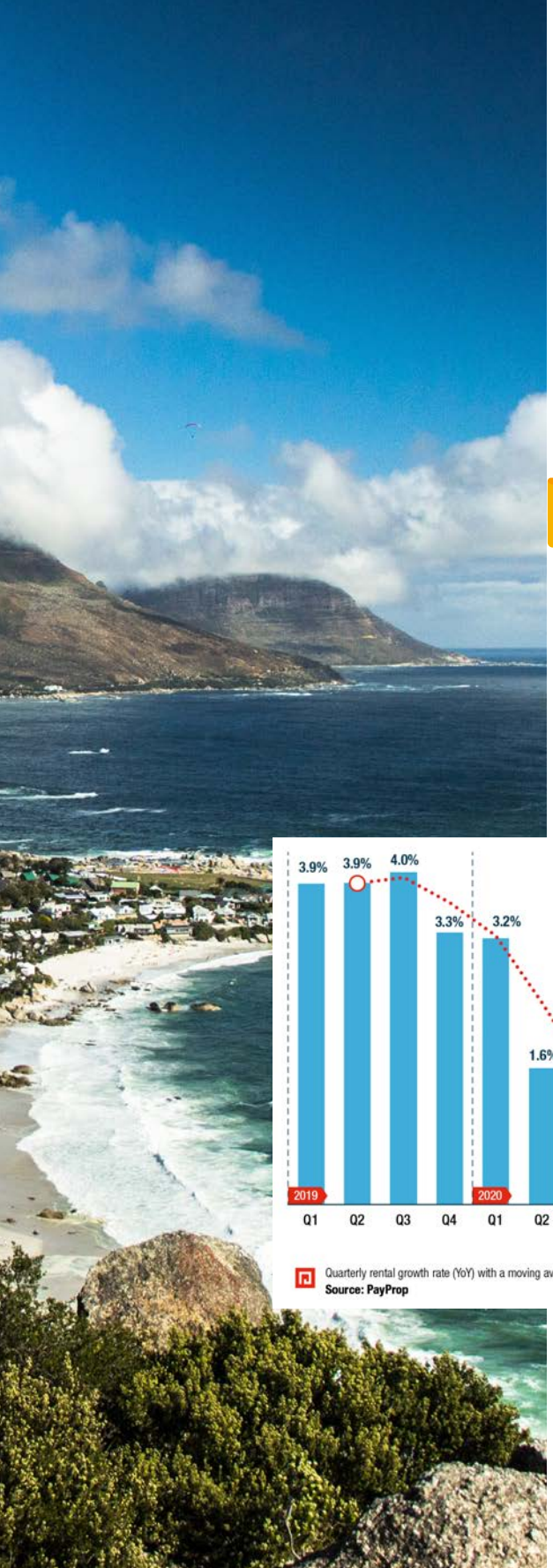
Lightstone shows that properties valued at less than R250 000 have outperformed all other value bands for most of the last 10 years! Properties valued between R250 000 and R700 000 have come in second most of the time since 2017.

The Lightstone Area Value Bands Index below reviews inflationary rates for property based on the following values:

- Luxury: >R1.5 mil
- High Value: R700k to R1.5 mil
- Mid Value: R250k to R700k
- Low Value: <R250k



04 Rental collections and good standing

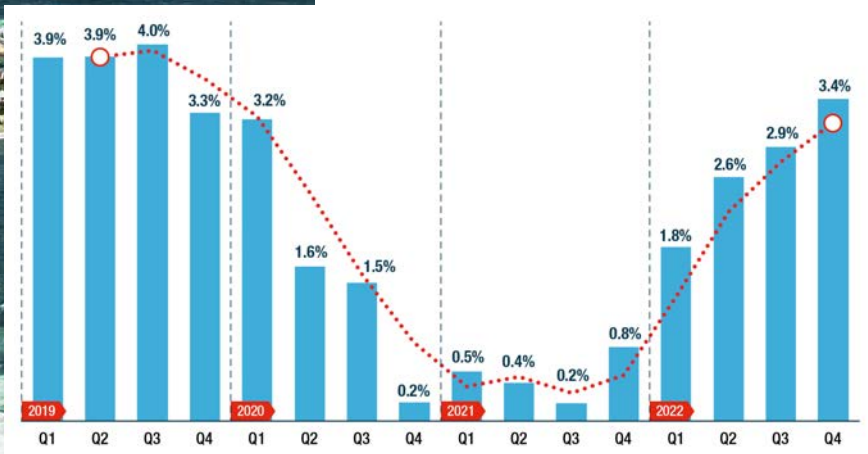


According to the TPN Rental

Monitor Residential Sector Q4 2022 Report, residential tenants in good standing have recovered to 82.3%, which is at pre-pandemic levels. The upper to mid-level brackets recorded their best good standing ever!

05 Rental escalations

According to the PayProp Rental Index Q4 2022 Report, growth has rebounded impressively over the last five quarters since Q3 2021, when we recorded Year-on-Year growth of just 0.2%. It has now recovered to pre-pandemic levels.



Quarterly rental growth rate (YoY) with a moving average trendline, 2019 – 2022
Source: PayProp

Ket takeaways for investors

As property investors, we must understand how certain trends and economic factors impact our



investments. Here's my take on the current property forecast and economic outlook and what it means for your property investments.

Your ungeared return on property is your capital growth and net rental yield, which is currently a very decent return. Right now, your average property price growth is ±3%, and your average net rental yield can be 6% to 8%.

The market currently favours buyers with high supply and lower demand. Rental demand is also recovering, with fewer tenants in arrears and



rental income growing nicely. So, stay ready, take advantage, and secure those great deals!

Property price growth is also continuing to rise, and I believe it could be significantly higher in the future.

Three reasons why property price growth will continue to rise

1. Average property price growth since 2000 is 9.5%, which is significantly higher than the 2.6% we are currently experiencing. Higher property price growth is in our future!

2. Property's input costs, including construction materials (such as concrete, bricks, steel, etc.), construction worker labour costs, and land prices, have increased faster over the last decade than property prices increased, which can also lead to higher future property price growth.

3. Rental escalations, which determine your rental yields on property, are also higher than property price growth in SA. This could also lead to higher property price growth in future.

Despite uncertainties in the property investment sector, I still believe in the power and potential of property investment. There are endless opportunities for growth and success, and I, for one, intend to make the most of them!

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Jaco Grobbelaar
Managing Director
Prosperity Enterprises



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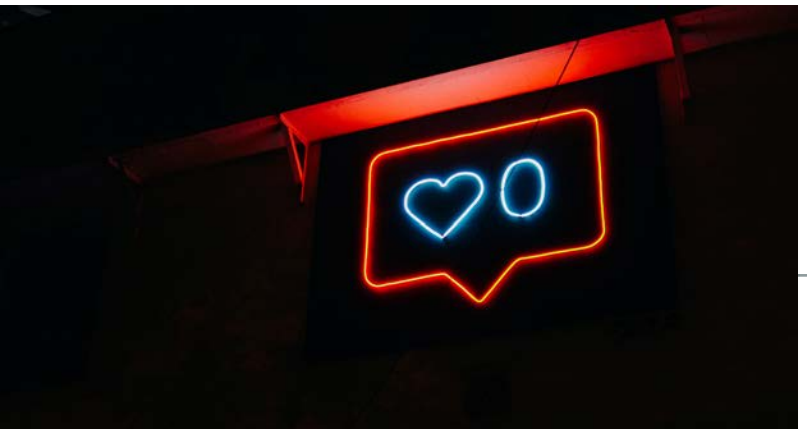
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INVESTING



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Your social media guide to become a top real estate agent



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The pros and cons of selling property privately laid bare



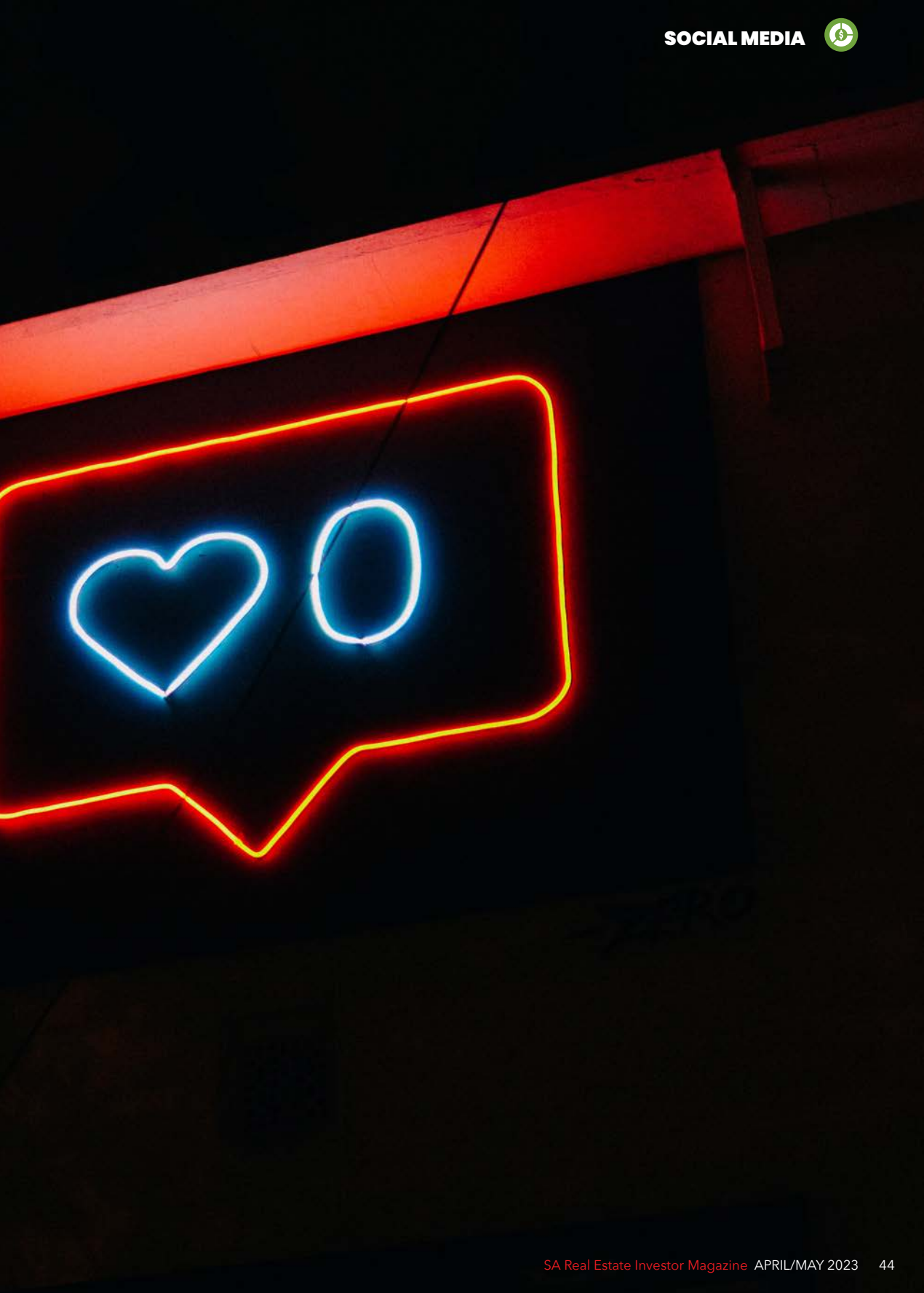
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Understanding the Power of Compounded Returns in Real Estate Investment

Your social media guide to become a top real estate agent

By Editorial

More and more people are connecting online and using social media to grow their businesses. In South Africa alone, there are 27 million Internet users, 14 million people on Facebook, and 8.74 million YouTube users. Most of these users visit social media platforms more than once each day. This means that you have ample opportunity to connect with your audience and communicate your brand – and all of this ONLINE!



Why is social media important for you as an estate agent?

1. **Improves brand awareness:** The more you communicate your brand and message on social media, the more visible you will become. With social media, you can reach more people than ever before with a click of a button.
2. **Embrace the extreme cost-effectiveness:** Social media marketing is possibly one of the most cost-effective marketing strategies out there as creating an account and posting content is absolutely free. There is no doubt that social media can be a game changer if you incorporate it as part of your marketing efforts.
3. **Engage with your audience:** An easy way to win attention and convey your message is to communicate and engage with your audience. Social media has made this extremely easy to do. By incorporating special themes in your content plan, you can establish your brand without any hassle.
4. **Increase online traffic:** With social media content, you can drive traffic to specific platforms. Identify your objective and generate traffic towards it. For example, if you want to shine light on a new listing, ensure that you have enough information and links available for the reader to make a clear decision if they want to pursue it further.
5. **Stay on top of mind:** Social media users log into their account multiple times a day. You can use this opportunity to share content frequently and establish yourself as the thought leader and go-to source for information.

So how do I communicate effectively on social media? There are 5 tips for you to improve your social media game.

Set goals: It is important to work with a clear plan. Identify your goals and determine the social media platforms that will assist you best in achieving those goals.

Consistency is key: Plan in advance and set out what you want to communicate and when. This will

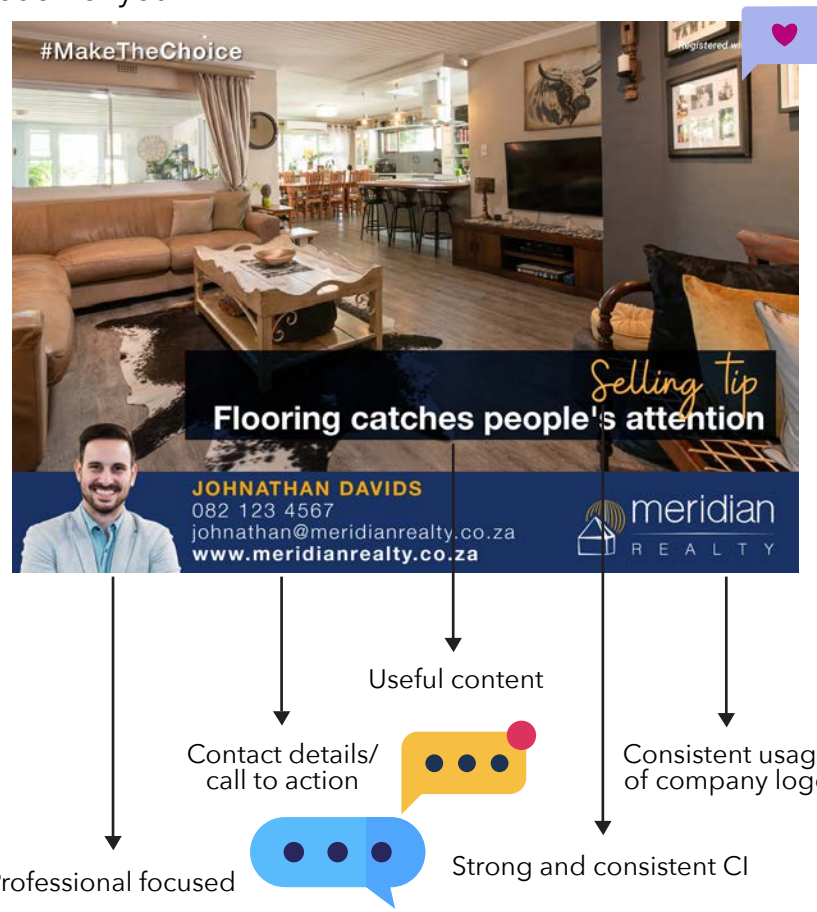
ultimately save you time, ensure that you are consistent, and give you peace of mind.

Make it personal: After all, you are knowledgeable in your field. Share your thoughts and ensure that you create content through which people will recognise you over time by adding personal touches like a professional photo of yourself.

Brand consistency: Embark on a comprehensive audit of your current active social media pages. Does it tick all the boxes for you to be as visible as possible? Do you have all your contact details easy accessible? Below is an illustration of social media post best practices:

Here at Meridian Realty, we have your back. We have all the tools and support to assist you in creating a social media content plan that will "wow" anyone through professionalism and attention to detail. Our team of social media gurus will ensure that you are seen as the seasoned professional that you are! So if you are interested in more information in becoming a Meridian Realty iAgent, Why not view our world-class marketing tools here. To find out more, enquire here.

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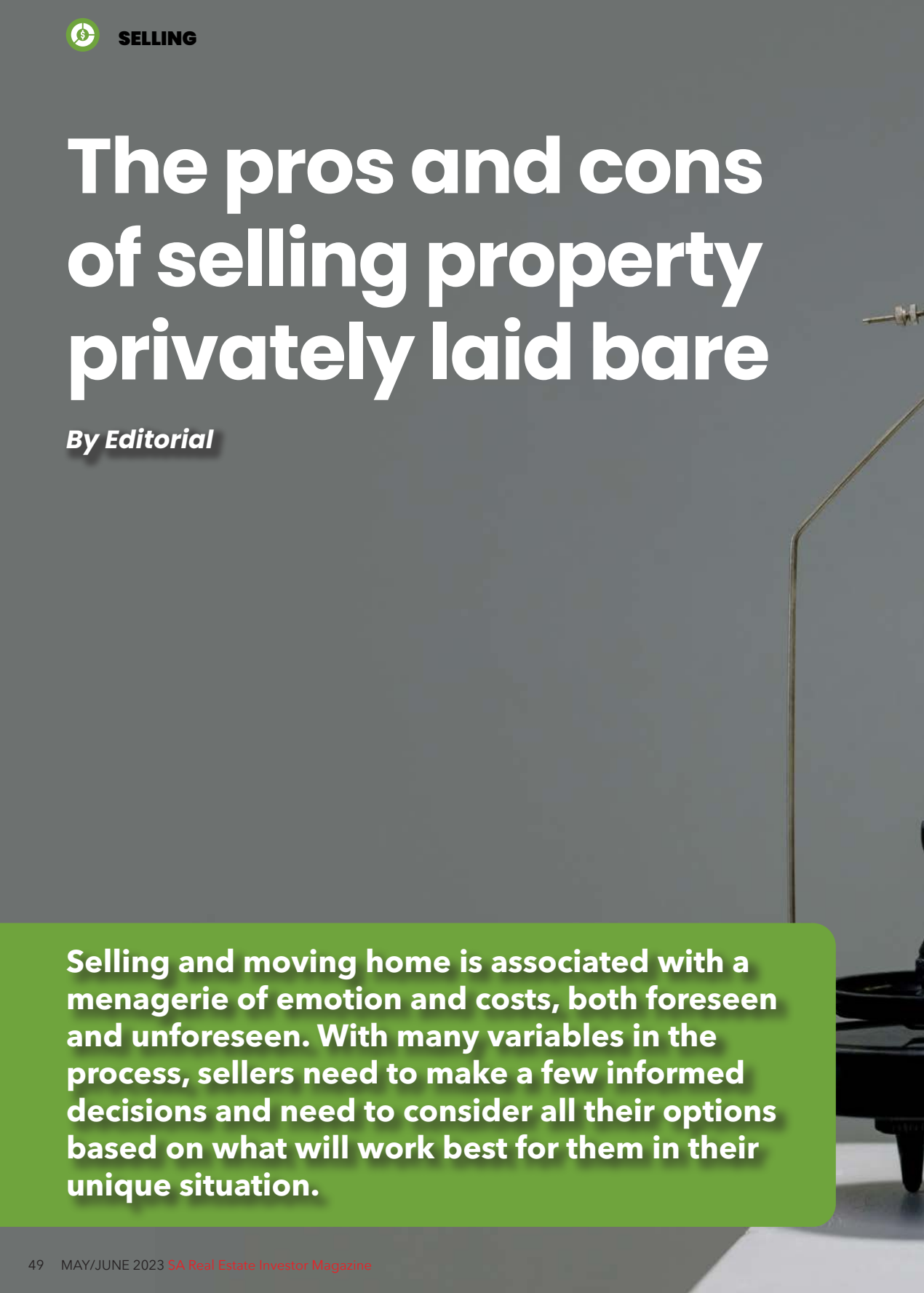
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The pros and cons of selling property privately laid bare

By Editorial



Selling and moving home is associated with a menagerie of emotion and costs, both foreseen and unforeseen. With many variables in the process, sellers need to make a few informed decisions and need to consider all their options based on what will work best for them in their unique situation.



When reflecting on this Antonie Goosen, Principal and Owner of Meridian Realty, says that sellers should be informed enough to decide on what would suit their situation best when considering selling through an agent or selling privately.

Droeks Malan, Stellenbosch iAgent at Meridian Realty says that many agents do not like to discuss the pros and cons of selling through an agent versus selling privately. While he is a strong advocate of selling through an agent, he says, "That is not to say that private selling has never worked. There are instances where it is successful!"

The Pros of selling privately

Malan says the number one instance where a private sale can work is where you have what he calls a "soft sell" situation. "For instance, if someone you know personally has shown interest in buying your property and has asked you to inform them when you intend on selling or if you had a tenant in your property who would like first option to buy, the sale may be easy," he says.

Malan says, "Other instance (conducive to selling privately), is if you are in a very strong, forgiving sellers' market, where buyers are falling over their feet to buy property. Demand is higher than supply and despite any mistakes you could make, the momentum of the market can push you through the door (to conclude a sale)."



Goosen agrees and says a "soft sell" and a forgiving market are not always the case and an inexperienced seller can potentially end up in a difficult legal situation and this is where an agent's skills start to shine through. Goosen says the current market is fraught with economic pressures and many buyers are tightening their belts and astutely considering buying property.



Malan says, "You (sellers) must ask yourself; Do you have the skills and equipment easily on hand to facilitate a smooth sale?"

The cons of private selling and benefits using an agent

There are several skills that agents might possess in tougher markets that an individual selling privately might not have.

1 Agent database

Malan mentions an agent's database and knowledge of potential buyers in the market. This includes knowing buyers' requirements, area preference as well as price range. "An agent can bring serious buyers to the table quickly, by matching buyer needs to what a property has to offer," he says. Those considering selling privately must therefore afford themselves more time to conclude the sale process.

2 Virtual shopping

and, in some cases, even buying, are now the norm. Property Portals are the go-to for buyers and the way a property is presented virtually is of the utmost importance. Malan stresses the importance of professional photography, drone videos and virtual tours to ensure properties stand out. This applies more so as you move up the property price ladder, with some international sales concluded purely virtually in this market. Malan also mentions the importance of succinct and professional copywriting that will entice buyers to look at a property. This includes a catchy caption and an appealing and accurate

description of the house within property portal parameters.

Goosen agrees and says, "Your virtual listing needs to stand out and the added touch of professional photography and videography can attract more potential buyers. If you are skilled in this field, then this will stand you in good stead. Many private sellers do not have a database of potential buyers so their listing must stand out both visually and in description."

3 Getting the price right

Private sellers might arrive at a price for their property based on purchasing a report from Lightstone, looking at properties for sale on property portals and arriving at an average figure from there, says Malan.

However, arriving at the best price often requires experience in the market and knowledge of actual properties in the area. Agents typically possess this experience through years of working in an area and knowledge of what the interior and exterior of previously sold houses are like as well as the trajectory of sales in the area.

"Private sellers must do their homework to arrive at the most competitive price for their property," says Goosen. "This is not impossible," he says, "But things like location, safety, redone bathrooms and kitchens and general upkeep, must be considered and compared between properties in the area".

4 Divergent needs

Malan points out that there is an inherent tension between the buyer and seller, each wishing to advance or their own needs and wants. This is natural, as each party wants to get the best deal out of the sale. Malan says, even though he is an estate agent by trade, when he sold his own properties, he opted to use an agent to facilitate the process. He points out that some people considering selling privately might be put off by having to deal with tension, drive negotiations and possibly deal with conflict.



Goosen elaborates by saying that, “The private seller wants to save commission. The buyer, on the other hand, will be cognisant that the seller is saving commission and might, want to pay a lower price for the property and possibly less than what it is worth.”

Malan says, “So you've got the buyer that wants to be discounted on a private sale, and you've got the seller that wants to gain more out of a private sale. And that's where you get that clash of expectations that makes the negotiation process very difficult.”



5 Transfer of ownership

Malan highlights that knowledge of the transfer process is also of the utmost importance from sale to the actual transfer of ownership. “Is there a bond, for example? Here we (agents) connect to a bond originator and connect with the buyer and monitor the process,” he explains.

Typically, the seller should appoint the conveyancer (according to common law). If a knowledgeable estate agent is involved this will be pointed out to the seller. The buyer doesn’t usually get a say in who the transfer attorney is, unless agreed otherwise. This could be the case in a private sale, where a buyer wants to use their own transfer attorney. The danger here is also that the transfer attorney could be a friend or colleague of the buyer and will favour the buyer in the transaction.

“If you're selling privately, you

generally don't have access to a bond originator and transfer attorney, at best the buyer is going to have his own bond originator, and the seller will not have tight control over the process," Malan points out.

6 Regulatory bodies and consumer protection

A private seller is also not registered with the Property Practitioners Regulatory Authority (PPRA), so a buyer is not protected by the body as they would be if they dealt with an estate agent who is registered with the PPRA.

Private sellers may also not be compelled to adhere to any of the Consumer Protection Laws or to do property condition reports, like a registered agent is required by law to do. So, a buyer will not have the protection that they normally would have when dealing with an agent.

7 A long-term relationship

"A private seller typically has no interest in a long-term relationship with a buyer, like an agent would have. They just want to get the best possible price for their property and are



acting in their own interest." says Malan.

He concedes, "Yes, agents work in the interests of a seller, but the agent is also governed by rules and regulations. And, as an agent, someone who bought property through me will in turn become a seller. Nurturing good relationships means continual business and a good reputation in the market. This is something all agents want to achieve to ensure their long-term livelihood."

Goosen concludes by saying that market conditions must be right for private sales. He continues by saying that private sellers must be willing to take on a certain amount of risk in the process, to save on agent commission. "Experience in selling will certainly help those wanting to sell privately," he adds. He adds there are some industry disruptors in the market at the moment who are assisting with property listings and the transfer process, with varying success. "It really is up to the seller what their preference would be and how much time and effort they have to dedicate to the process," he says.

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Understanding the Power of Compounded Returns in Real Estate Investment

By Editorial



Real estate investment is a highly profitable avenue for building wealth and generating passive income. The concept of compounded returns is a key factor that contributes to the success of this asset class.



Compounded returns refers to the compounding effect of reinvesting the returns earned from an investment back into the principal amount. In real estate, this involves reinvesting rental income, capital returns, or profits generated from a property back into acquiring another real estate investment. By consistently reinvesting these returns, you create a compounding effect that accelerates the growth of your wealth over the long term.

An example to illustrate the power of compounded returns in real estate is to invest in a rental property that generates R10,000 in rental income per month and reinvest it back into acquiring additional properties. This reinvestment allows you to expand your real estate portfolio, diversify your income sources, and increase the potential for higher returns. The compounding effect in real estate is a powerful tool that can significantly amplify wealth and passive income. Capital returns or profits earned from property appreciation also play a crucial role in compounded returns. By reinvesting these capital returns into acquiring more properties or improving existing ones, you can further enhance the compounding effect and accelerate the growth of our wealth.

Successful real estate investment requires careful analysis, market research, and due diligence. Factors such as property location, market trends, cash flow projections, and property management should be considered when identifying investment opportunities. Additionally, working with experienced professionals can



provide valuable guidance to help you make informed decisions and maximize the benefits of compounded returns.

With shorter profit cycles and accelerated compound effects, Wealth Assist provides unique direct real estate investment options. The ability to consistently provide these possibilities and the repetition thereof is what set Wealth Assist apart in the real estate investment sector. Offering a wide variety of property impact investment choices, our team of seasoned professionals is here to help you every step of the way.





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FINANCE



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Facing mortgage defaults? Act quickly and seek benefits of partnering with trusted partners - without increasing your costs



PAGE 67

4 Tax benefits to unlock to correctly structure your property portfolio

TRENDING ONLINE

The Benefits of Partnering with Real Estate Assist for Homeowners Facin Mortgage Challenges



Facing mortgage defaults?

Act quickly and seek benefits of partnering with trusted partners – without increasing your costs

By Editorial

In today's volatile economic climate, many homeowners find themselves facing mortgage challenges that can lead to arrears and even the risk of repossession (losing) of their property. With so much at stake, it is crucial to have the right support and guidance to navigate these difficult situations.



It is important to get a trusted partner with the know-how to help you get out of this situation. Real Estate Assist is a company that specializes in providing comprehensive solutions for homeowners experiencing financial difficulty/distress/ cashflow pressure/or need cash to address financial challenges. In this article, we will explore the key benefits of partnering with them and how their expert team can help you overcome mortgage challenges and secure a stable financial future with passive income.

Tailored solutions for your unique situation

Every homeowner's financial situation is different, and Real Estate Assist understands this. Their team of solution specialists will assess your specific circumstances to devise a personalized strategy that addresses your needs and provide a guaranteed financially beneficial solution.

Skilled negotiation with creditors

Real Estate Assist has extensive experience in negotiating with lenders on behalf of homeowners and have a track record to achieve huge discounts during these negotiations. Their team can communicate and reach agreements, so they stop the harassment.

Loan restructuring assistance

In some cases, restructuring your loan may be the most viable solution. Real Estate Assist can help you explore options such as extending the loan term, switching to interest-only payments, or refinancing to a more affordable loan product.

Legal support and guidance

If you require legal assistance to protect your rights and interests as a homeowner, Real Estate Assist can connect you with legal professionals who specialize in home loan arrears and repossession cases.

Debt consolidation and credit score improvement

Our financial wellness program helps you recover address expensive short-term debt, take you out of debt review, improve your credit score, and increase your cash flow and spendable income.

Buy time & maximize proceeds

We will assist you in buying time to stop or avoid legal action or an auction of your home while maximizing the proceeds from a potential sale.

Ongoing support

Real Estate Assist's commitment to your success goes beyond finding a solution for your mortgage/debt or and or other financial needs. They provide ongoing support and guidance to help you stay on track with keeping your home and maintaining a healthy financial future.

Sustainable and bankable solutions

Real Estate Assist provides sustainable, bankable solutions that protect you from being taken advantage of while ensuring a win-win outcome for all parties involved.

Homeowners facing mortgage challenges:

Navigating mortgage and other creditors challenges can be overwhelming, but partnering with Real Estate Assist can provide the support and guidance you need to overcome these obstacles.

Their tailored solutions, skilled negotiation, loan restructuring assistance, legal support, access to distressed property solutions, and ongoing commitment to a guaranteed financially beneficial solution and your success make Real Estate Assist an invaluable resource for homeowners facing financial difficulty/ distress/ needs. Reach out to their expert team today to regain control of your financial status and secure a brighter financial future.

Don't let financial challenges overwhelm you and regain control of your financial status and keep your property.

ENQUIRE NOW



4 Tax benefits to unlock to correctly structure your property portfolio

By Editorial



Property investors are often advised to buy property in their name without knowing the tax implications of building a property portfolio in this way. The danger of this advice is that you are not only often taxed at a much higher tax rate than you would have been in the correct structure, but you also have very little flexibility to distribute profits to pay less tax. This is according to Jaco Grobbelaar founder of Property Prosperity.


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Here are four great tax benefits when you use the correct structuring for your property portfolio.

1 Lower tax rates

When you build a property portfolio in a company, you get taxed on the company's net profit for the year multiplied by the applicable tax rate (27% in May 2023). This is a lower tax rate than what most individuals with property portfolios are on.

This approach is ideal if you want to keep the company's profits in the company to build your property portfolio further. If you want to move the funds out of the company, you can pay out salaries or directors' remuneration. Alternatively, you could declare a dividend, but that will result in an additional dividend tax (20% in May 2023).

For capital gains tax, only a portion of your capital gains is taxed. For a company, the capital gains tax is currently 80%. This means that 80% of the capital gains will be taxed at 27%, resulting in a 21.6% capital gains tax rate.

Trusts are taxed at 45% (in May 2023), a last resort for a taxpayer. This means that when a trust makes a net profit or capital gain, it is usually distributed to the beneficiaries as income or capital gain, and the beneficiaries pay tax in their personal capacity with their applicable exemptions and tax scales. This wonder is called the conduit principle.

2 Recording tax-deductible expenses

One of the greatest tax advantages that property investors miss out on is tax-deductible expenses they are not deducting. They end up paying more tax than what they ought to pay. If your properties are held in an entity, proper annual financial statements need to be prepared

where all these expenses can be recorded, resulting in paying much less tax. In other words, record all eligible expenses that can be deducted from your taxable income for significant tax savings.

3 Accumulated losses

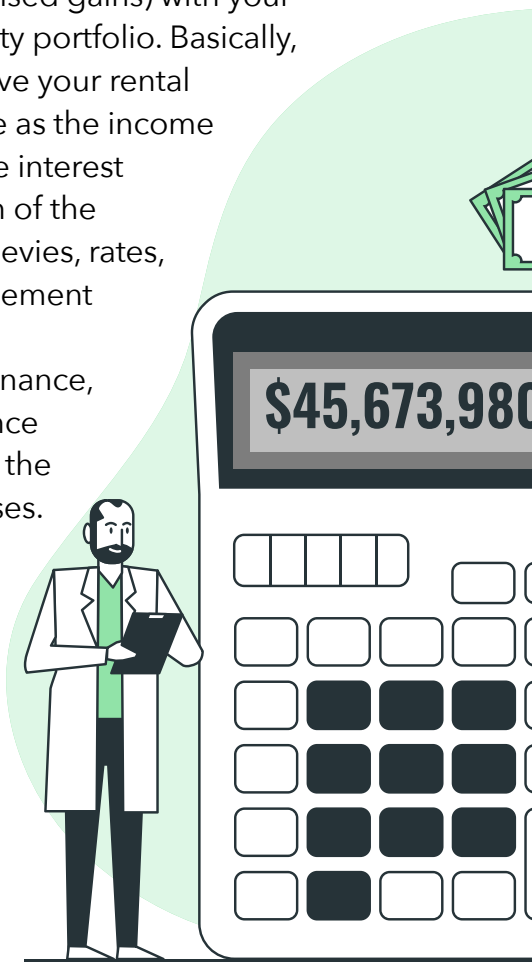
When you have built a property portfolio in an entity, and that entity has losses for the first couple of years, you can track those losses in the annual financial statements of the entity that holds the properties. These accumulated losses can be written off against the entity's future profits, and thus, you'll pay significantly less tax.

Offsetting accumulated losses is a widely-recognised and valuable tool to reduce tax liability and maximise long-term financial gains. Many investors and tax experts consider it a key benefit of holding properties within an entity.

4 Maximising unrealised gains and minimising realised gains

Then there is, of course, refinancing. The beauty of refinancing is that you are not taxed on refinanced funds. You are using unrealised gains (capital appreciation of the property) without selling the property or paying capital gains tax. Many property investors use this to build massive property portfolios without paying a cent tax. When you refinance, your interest expenses go up, which is a tax-deductible expense that reduces the taxes you need to pay.

It is very possible to stay close to breaking even while you experience capital growth (unrealised gains) with your property portfolio. Basically, you have your rental income as the income and the interest portion of the bond, levies, rates, management fees, maintenance, insurance etc., as the expenses.



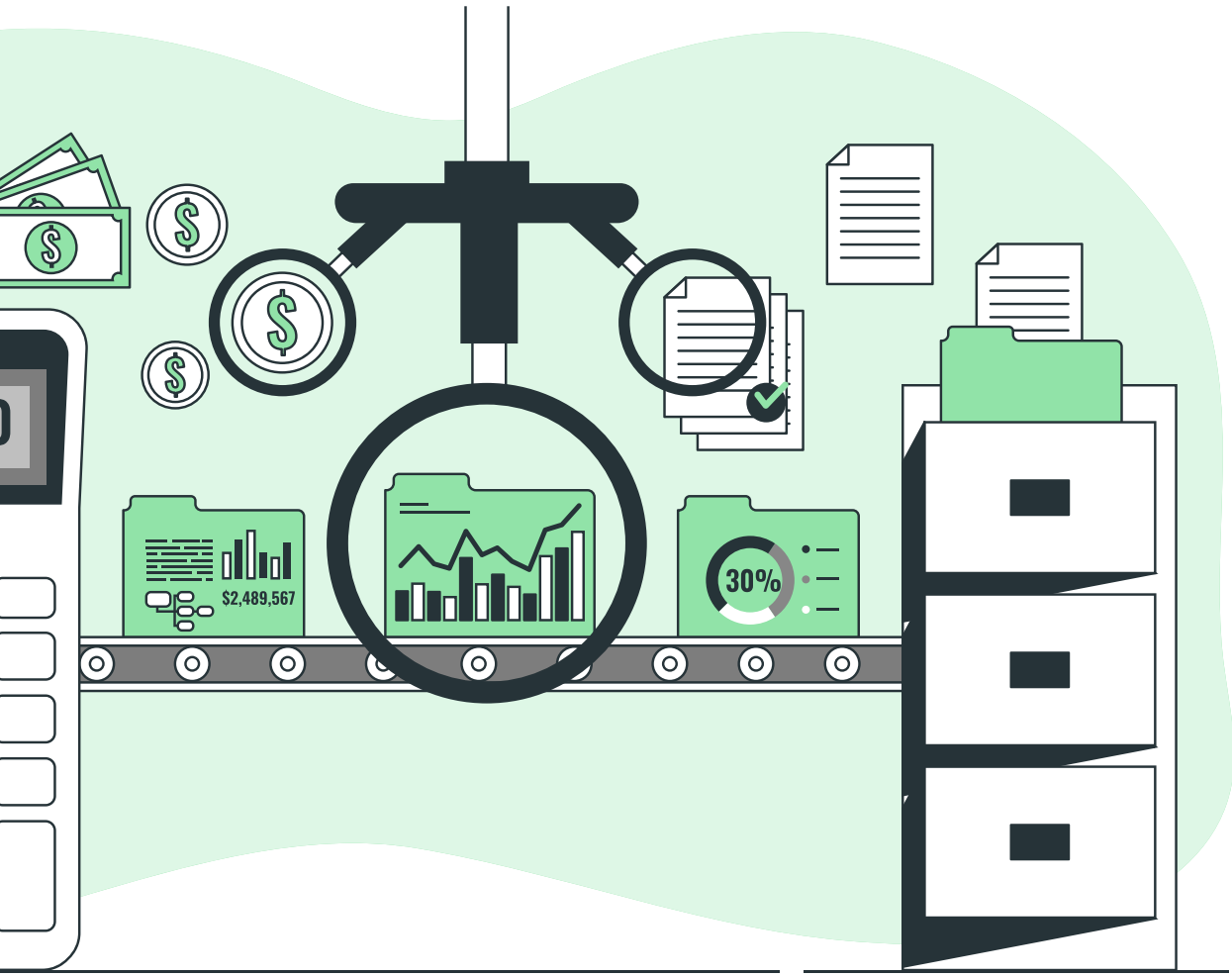
This is another reason why refinancing is such a good tool; it gives access to capital gains and is tax-free!

Gearing

When you play the gearing game, you must have sufficient cash reserves (in an access/flexi bond). You should always have at least 10 to 15% of your properties' market value in cash. If not, a safe investment can become very risky very quickly.

Property investment can be incredibly lucrative when done right. In the end, no matter which entity you choose to hold your properties in, proper structuring will help you maximise your tax savings, protect your assets, and streamline your financial management.

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STUDENT ACCOMMODATION BUS TOUR
Please confirm attendance on tour
BUS BOARDING ADDRESS: 12 Iona Street, Avondstil, Bellville Cape Town

LIVE COURSE
DATE: Saturday 3 June 2023 **TIME:** 08h00 - 15h00
VENUE: IEASA, 10 Howard Studios, Sheldon Way, Pinelands, Cape Town, 7945

LIVE EVENT PRICING: R2997 per person
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MY STUDENT HOUSE

WEALTH



PAGE 75

Where there's no will, there's drama & big financial consequences!

TRENDING ONLINE

Why do we need to invest?



Where There's No Will, There's Drama & Consequences!



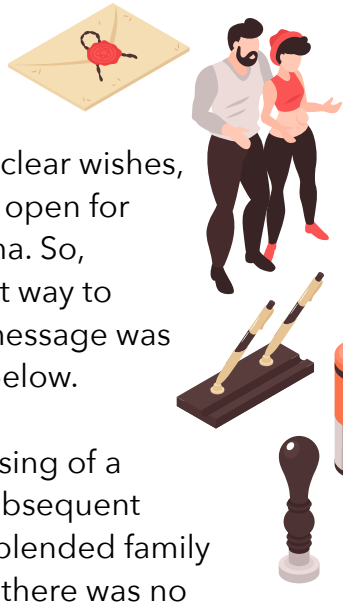
Where there's no will, there's drama & big financial consequences!

By Editorial



Talking about your will is not exactly exciting stuff. It's not on the top of most people's "to-do" lists. But watching the drama unfold when there's a death in the family with no will in place is enough to form the script of almost any TV soapie. The drama is real.





After 10 years of educating and communicating the importance of getting your will in place and successfully helping over 600,000 people do so, we decided to up the ante and create a campaign that will make people sit up and take notice.

Winding up deceased estates can take anywhere from 12 – 24 months, assuming there are no curveballs. Most people don't realise the emotional strain this puts on a family unless they talk to someone who has personally gone through it themselves. REI has teamed up with Capital Legacy to get a will for everyone.

Capital Legacy has spent the last 10 years winding up thousands of estates. Oh, the stories they could tell.

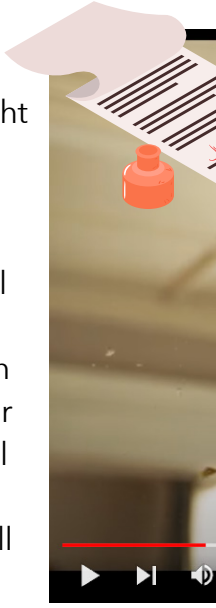
Ex-wives. New wives. Excommunicated children. Stepchildren. Minor children. Business partners. Extended family members. Long lost lovers. Surprise children. Mistresses. Hidden wealth. No wealth. International assets. Hidden assets and properties. Lost crypto passwords … and the list goes on and on.

With no will and no clear wishes, this leaves the door open for drama, drama, drama. So, we decided the best way to communicate this message was through the video below.

The story of the passing of a patriarch and the subsequent conflict of a typical blended family when they discover there was no will in place…but we tell the story backwards, and in slow motion. As you do.

We're confident this video is entertaining, but make sure that after watching the ad, you sit back and consider the potential fallout in your own family if you pass away without a will. Take action and click on the link here to book your free will consultation today.

Click the video link on the right to watch the advert and then contact us to avoid leaving your family with a similar drama. We'll arrange your will consultation with one of our experts around the country, in person or virtually, to suit your needs. In under an hour you'll have the peace of mind that when you pass away there will be no chaos and conflict.





Where there's no will, there's drama. Chaos. Melodrama. Trouble. Rivalry. Disbelief. Conflict. Greed. Resentment. Bitterness. Frustration. Heartache. A Family Feud.

Here is what could happen if you don't have a will - Get free will drafting

Your estate gets distributed according to South African law and not according to your wishes. This means people you may have wanted to inherit something won't, and those you didn't want to, might.

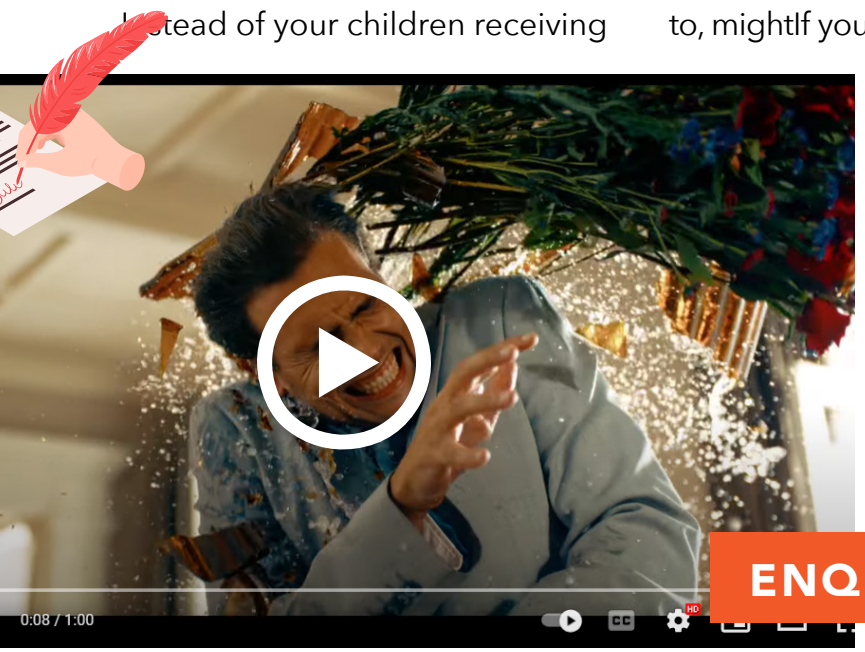
If your Will hasn't been updated from your previous marriage, or you aren't currently married to your partner, they may be left with nothing.

Instead of your children receiving their inheritance, it could pass directly to the Government Guardian's Fund.

Ugly feuds that could split families could result from relatives and loved ones fighting over the distribution of your estate.

Without a Will-nominated professional executor, your estate could take years to wind up, and the Government will be in control of the entire process.

Your estate gets distributed according to South African law and not according to your wishes. This means people you may have wanted to inherit something won't, and those you didn't want to, mightIf your Will hasn't been updated from your previous marriage, or you aren't currently married to your partner, they may be left with nothing. Instead of your children receiving their inheritance, it could pass directly to the Government.



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DEVMARK PROPERTY GROUP

TECHNOLOGY



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Innovating the property transfer process for a more efficient future

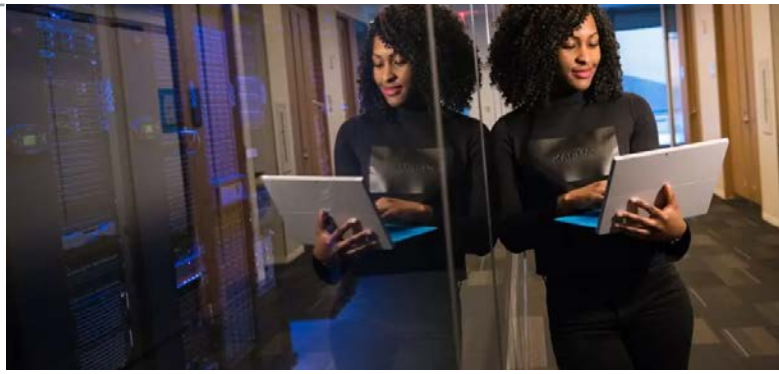


PAGE 87

Could you sell your next home on TikTok?

TRENDING ONLINE

The Future of Property Investment: Balancing Technology and In-Person Viewings



Innovating the property transfer process for a more efficient future

By Editorial



As one of the single largest industries globally, the real estate sector according to McKinsey and Company two-thirds of global net worth is stored in real estate with only about 20 percent


311

A wave of technological advances has already transformed the industry through paperless, automated systems supported by digital interactions. Clive Bredenkamp, PropTech IT Executive at fintech specialist e4, says the sector's ongoing revolution hinges on finding efficiencies in an ecosystem built on legacy systems and processes.

In South Africa, the property transfer process kicks off once an offer to purchase is presented to a transferring attorney. If bank finance is used, the purchaser applies for a loan from a bank, and a bond registration attorney is appointed to register a mortgage bond over the property as security for the bank. The transferring attorney then works with the bond registration attorney to request guarantees for the purchase price and arrange the simultaneous registration of the transfer and mortgage bond.



Numerous documents are needed during this process, including bond cancellation figures, rates clearance certificates, levy clearance certificates, and a transfer duty receipt or exemption certificate from SARS. The transferring attorney then prepares the transfer documents for both the seller and purchaser to sign, including FICA affidavits, SARS transfer duty declaration, and a power of attorney to pass the transfer.

Only once all documents are in order, are they submitted to the Deeds Office for registration. This simplified summary of the process camouflages the complex spiderweb of communications that takes place among all parties during a property transfer, but it does underscore why solutions and platforms aimed at creating efficiencies have to answer the needs of the entire ecosystem to be truly effective.

The property transfer process was built to transact in very traditional ways, but digital innovation has turned it on its head in almost every respect and has an impact on everything from acquiring customers to onboarding them, from facilitating access to credit to processing transactions, and the way clients are managed through the entire life cycle of the relationship. e4 became the first PropTech organisation in South Africa to bring together key stakeholders in the property ecosystem, including buyers, lenders, conveyancers, and sellers, and manage the communication flow digitally to become a seamless, fast and transparent home for a 'single version of the truth'.

Tried and tested business models in the property sector, both in South Africa and across the globe, are likely to face a host of new challenges brought on by regulatory pressures in the built environment, market demands for increased efficiency, and the expectations of customers demanding a more streamlined digital service through innovative applications and digital platforms.

In short, the property transfer process itself is ripe for more disruption, and PropTech innovations have real potential to deliver substantial benefits to businesses and their end customers. Improved efficiency leading to reduced costs are among the most significant benefits of more innovation in the PropTech space. In a process often bogged down by outdated, manual methods, automating paperwork and broadening the acceptance of already readily available solutions like digital signatures can cut delays and lower costs.



Enhanced data accuracy and security can be achieved by harnessing technology, which reduces human error and





enhances accuracy throughout the property transfer workflow. Advanced data encryption methods provide robust security and privacy, protecting businesses and their customers from data breaches and fraud.

PropTech solutions can add tangible value by offering real-time, accessible information on property transactions via transparent platforms that allow all parties to track and verify property transfers with greater ease. This speaks to the need for more transparency and trust as essential elements in a complex property transfer ecosystem.

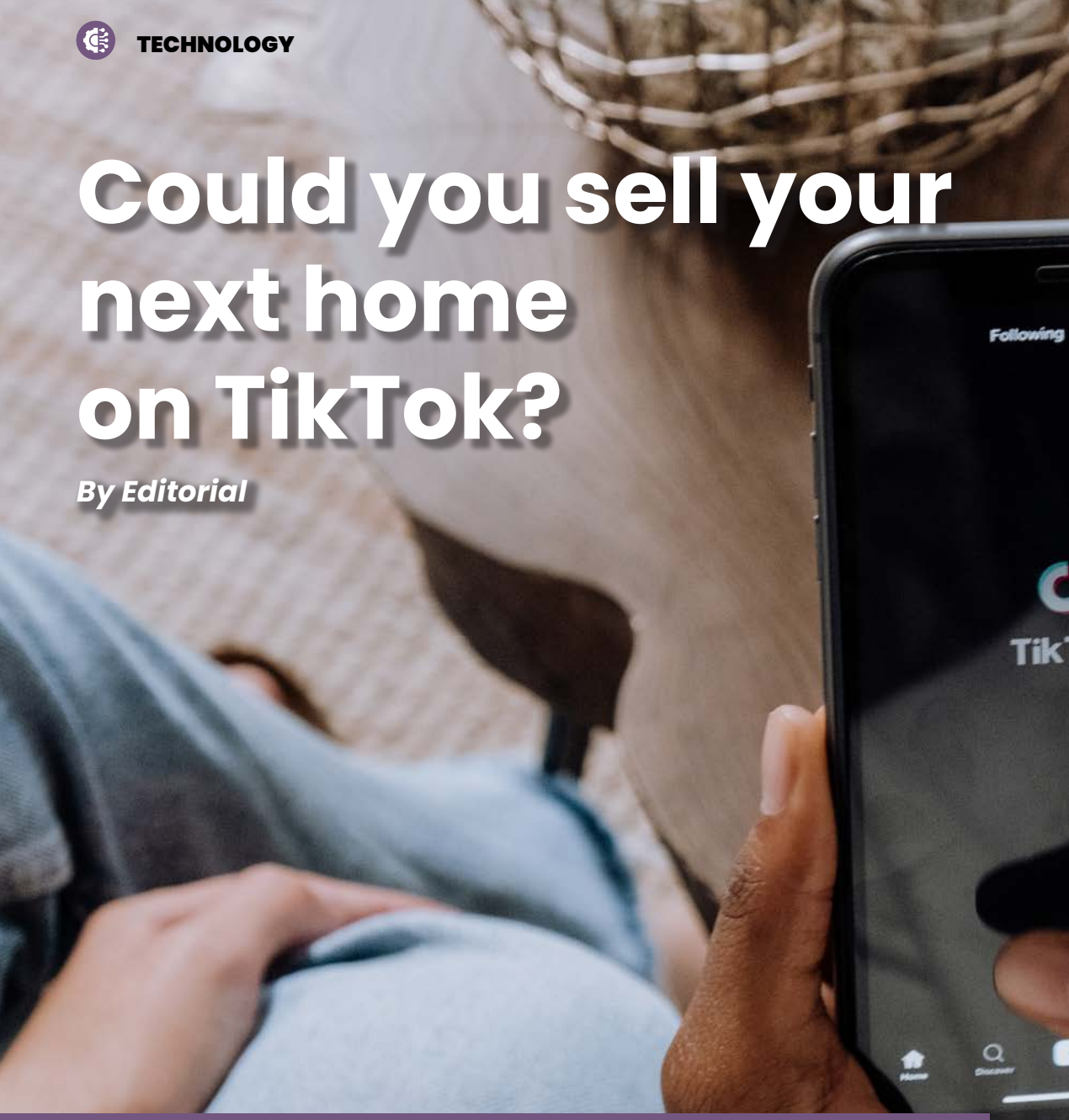
Streamlining the transfer process provides an enhanced customer experience by reducing waiting times, increasing transparency, and eliminating redundant paperwork. Even the smallest, most incremental time savings can have a significant impact on the financial outcomes for all parties involved. A time-saving of days already has massive cost-saving implications, while reducing a 90-day property transfer process to 30 days would change the complexion of the local property market.

As the industry evolves, it is vital that all property stakeholders embrace the digital revolution to reduce costs, enhance accuracy and security, and ultimately provide a better customer experience and competitive advantage. However, there are still areas where outdated systems and processes hamper real progress, and where the full potential of these benefits has yet to be realised.

ENQUIRE NOW

Could you sell your next home on TikTok?

By Editorial



While tech continues to revolutionise the property industry and change the way people find their homes – now via social media – the industry also needs to follow social media trends to capitalise on the global shot in the arm that proptech has given it.


For You
COVID-19
Tok

More and more property practitioners are turning to short-form video content - the current trend leader in the social media space, according to GWI's flagship report on the latest trends in social media – as a marketing tool to meet potential customers on the social media platforms where they spend hours every day.

Good, Better, Video

GWI's report shows that short videos are quick to create and tend toward the less polished, more spontaneous content people are after. Consumers on channels like TikTok, Instagram Reels, YouTube Shorts and Facebook Stories are far more likely to use social media for creative inspiration. Short clips are a huge hit with Gen Z and 1 in 4 consumers watch a video made by a brand, each month. They're also shared extensively on messaging platforms like WhatsApp, opening access to consumers who may not be on



TikTok. Harnessing this trend to showcase their expertise and their properties to would-be buyers is the next step for an industry rapidly coming to terms with the need to adopt off-site ads and social media marketing.

Massaging the Algorithm

"For businesses – and property practitioners in particular – the change in the way the algorithms on these platforms function plays into the hands of those who can create compelling content," says Flow Co-CEO and Co-Founder Gil Sperling. "The algorithms – once focussed on aggregating content from connections, friends and family - now draw far more on content that users regularly interact with to populate their feeds". Sperling says that these short-form videos are incredibly addictive because it's easy to consume scores of videos that the algorithm knows you'll be interested in, in a short period of time. "The most successful short-form videos are also authentic – meaning they don't need to be polished and produced by experts: a boon to property practitioners who can showcase their portfolio of properties more easily". Using Flow's tech to promote these clips can help expand their reach exponentially, finding those in the market at the right time.

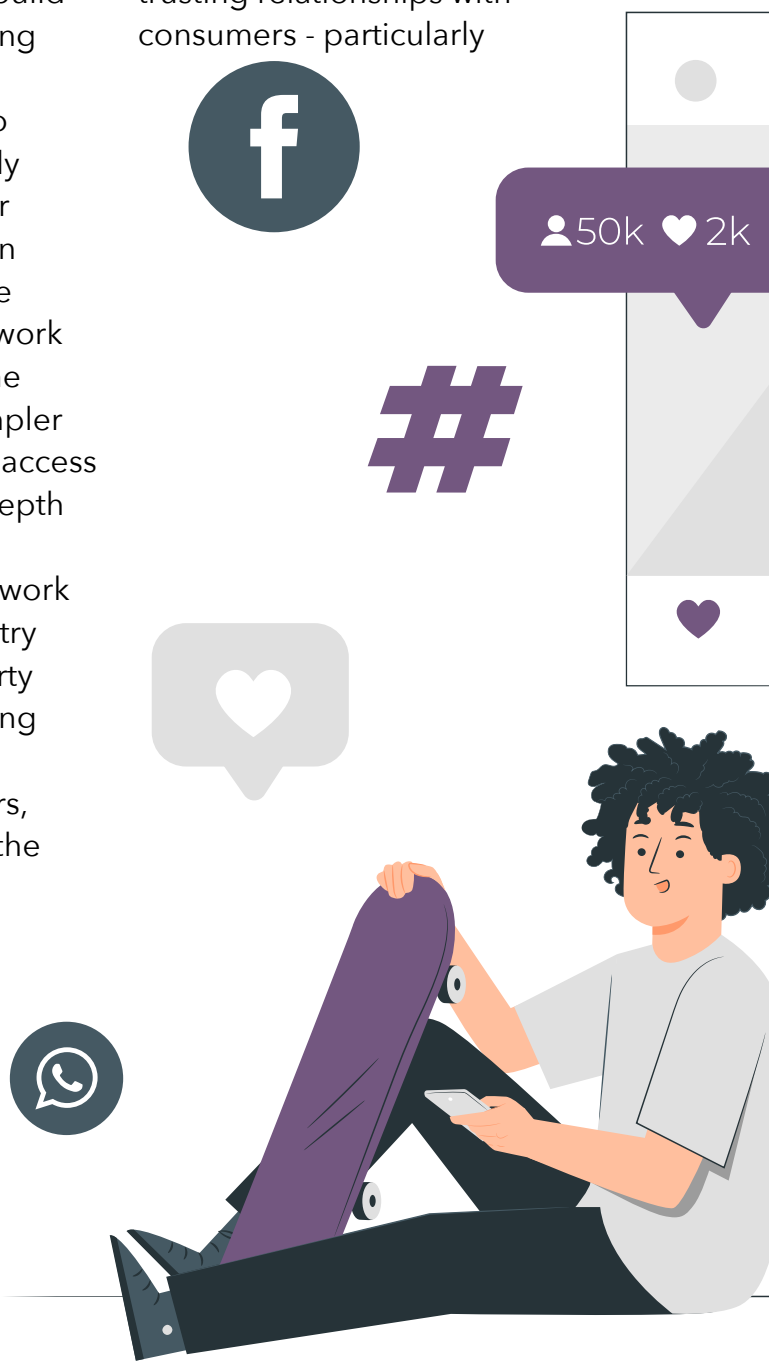
Flow (which has been in the news recently after raising $4.5 million in a pre-Series A funding round) gives property professionals the ability to simply and quickly harness the power of complex social media advertising to target motivated buyers and sellers online, matching people and properties faster and helping agents boost their brands and businesses.

The platform is helping property practitioners stay at the forefront of social media marketing trends like short-form video by constantly adding new features and integrations to the platform. Having already helped agents and agencies seamlessly, easily and automatically create targeted social media advertising with their existing listing information, the platform is now bringing together the addictiveness of short-form video with the power of its automated ad creation tools. This tech is set to help property practitioners connect with markets in new ways on platforms

they know they need to be on – but aren't sure how to market effectively, on.

"Our aim is to continuously build better creative tools, providing more access to social media channels, enabling agents to use them in ways that actually work," says Flow Co-Founder and Co-CEO Daniel Levy. "An implicit understanding of the way social media platforms work and the ability to produce the technology that makes it simpler for property practitioners to access them without having an in-depth knowledge of how complex dashboards and algorithms work helps us to enable the industry with tech. That leaves property practitioners to focus on doing deals and becoming trusted partners to buyers and sellers, with our tech taking care of the marketing work".

As more people start to trust social media platforms as sales channels – 35% of Instagram users will make a purchase on the platform in 2023, just behind Facebook and TikTok, both of which will see a purchase percentage of 37%, according to a Hootsuite study. That makes it essential for authentic businesses to form trusting relationships with consumers - particularly



when it comes to an investment as big as a home purchase.

There's no reason that the property industry shouldn't be able to harness social media platforms to help the right homes find the right people.



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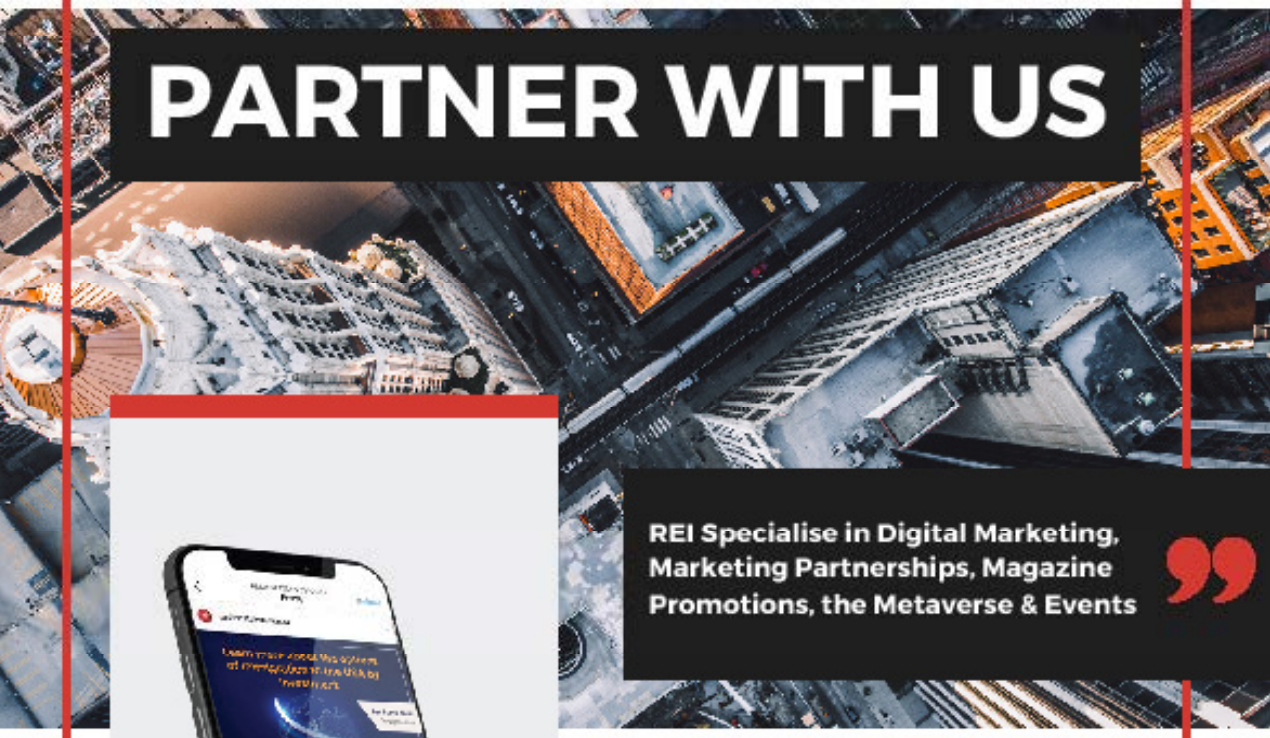
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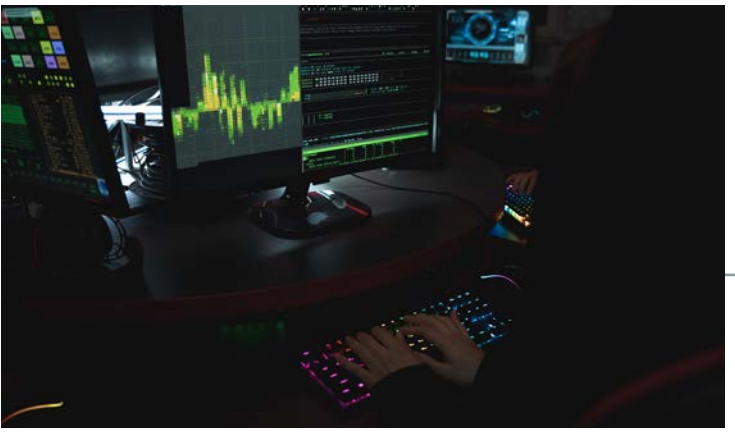
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4 Ways how human-centric hybrid work is benefiting & transforming businesses



PAGE 103

Futureproof your SME by investing in commercial property



PAGE 109

How to become a property hacker

4 Ways how human-centric hybrid work is benefiting & transforming businesses

By Editorial



The future of work has changed forever and the focus is moving to be productive anywhere. IWG through their brands Regus, Spaces, HQ and Signature help millions of people and their businesses to work more productively and provide the world's leading hybrid work platform.



Hybrid working puts employees and their needs first while helping businesses improve productivity and profitability. We look at the transformative impact this way of working has had on businesses and their operations in recent years.

According to a research report released by Accenture global management company, 83% of workers see hybrid as the future of working. As well as the greater freedom, flexibility, and autonomy it offers employees, it can also help to make business operations more profitable and sustainable by reducing overhead costs and the time people spend commuting.

As well as boosting the bottom line and aiding sustainability, hybrid working tangibly benefits the employee experience. When done correctly, it empowers businesses to put their people first, giving workers more of what they want and need.

We look at human-centric hybrid and the transformative effect that it can have on business operations.

What is a human-centric hybrid?

When discussing flexible working, it goes without saying that location





is essential. But human-centric hybrid working is as much about 'who' as it is about 'where'. Research by Gartner suggests that a well-executed hybrid system should allow for greater malleability in terms of where employees spend their time. However, it also identifies intentional collaboration and a different type of management as key to the hybrid experience.

"Human-centric work design goes even further than hybrid-flexible to include opportunities for intentional collaboration and empathy-based management, increased employee performance, intent to stay and reduced fatigue – widely correlate to greater levels of location flexibility, intentional collaboration and empathy-based management."

Human-centric hybrid combines the philosophies of people-first business with hybrid working. It is an approach designed to elevate the employee experience, giving them the autonomy to decide where, when, and how they work, depending on their needs.

Three facets define this approach:

- A flexible employee experience
- Collaboration with intention
- Managing with empathy

It is rooted in employee well-being, giving them more of what they want from their employers and enabling them to address their work-life balance adequately.

While this is its own reward, it also has a transformative effect on business operations, bringing a host of benefits to the company.

How does this approach to hybrid benefit businesses?

It goes without saying that a human-centric hybrid approach can be highly beneficial for a company's workforce. There's growing evidence that the approach is highly conducive to employee well-being, team cohesion, and retention. Thus, by prioritising people, companies ensure that productivity and performance virtually take care of themselves.

Four ways businesses benefit from a human-oriented approach to hybrid:

1. Improved employee performance

It's a universally acknowledged truth that happier, healthier employees perform better than their overworked, over-stressed and burnt-out counterparts. Gartner's latest study backs this up, stating that companies that offer flexibility, empathetic management, and intentional collaboration are 3.8 times more likely to enjoy higher employee performance and 3.1 times more likely to experience lower levels of employee fatigue. Research from IWG found that 31% of employees reported being more productive under the hybrid working model.

Furthermore, this approach to working can drastically reduce 'productivity theatre', where employees feel the need to look busy rather than focusing on doing their job in the way that suits them best. Employees are allowed to work asynchronously, approaching tasks in their preferred hours using the methodologies that suit them best.

2. Increased employee retention

High levels of employee turnover can be both disruptive and expensive for companies. Gartner's study reveals that businesses with a human-centric approach to hybrid working are 3.2 times more likely to enjoy higher levels of employee retention. This backs up findings from Regus itself, with hybrid work helping to retain the best talent in an increasingly competitive employment market.



3. Improved recruitment

Data from IWG global leader in hybrid work solutions and workspace brands and their HR Leaders & Hybrid Working Report suggests that adopting a people-first approach to hybrid working not only aids retention but makes it easier



for companies to recruit top-tier talent. 95% of HR leaders surveyed believed that hybrid work is an effective recruitment tool, 60% claimed that it increases employee retention, and 80% agreed that it boosts employee satisfaction.

4. Happier and more harmonious teams

Human-centric hybrid working necessitates a new approach to management. One that is rooted in empathy and focuses on keeping dispersed teams happy, healthy, united, and motivated. Aided by the right technology and robust automation, managers can expend less effort on time-consuming admin and more on developing the soft skills that ensure teams feel cared for, nurtured, stimulated, and challenged.

ENQUIRE NOW



Futureproof your SME by investing in commercial property

By Editorial



Investing in commercial property has long been regarded as one of the ways that entrepreneurs can boost revenue and expand their portfolios as a buffer against economic uncertainty. With small business owners renewing their drive to recover lost profits during the pandemic years, commercial property presents a viable opportunity to reap positive returns in the near- to long-term future.





Weighing in on the benefits of investing in commercial property is Kevan Govender, Regional Investment Manager at small- and medium-sized enterprises (SME) financier, Business Partners Limited. As he explains: "Small business owners can benefit immensely from purchasing their office or operational premises and owning an asset, rather than renting the space and losing money in the form of rental expenses and maintenance costs."

The state of South Africa's commercial property market

Although the commercial property market took a hit in 2020 due to the onset of COVID-19, slow but steady progress has been reported, with South Africa's

real estate sector expected to grow by 5% in the lead up to 2027. In the wake of the pandemic and with the advent of remote working, office demand dynamics have softened but substantial gains have been made on the industrial segment front, with many small- and large-scale retailers needing industrial storage and distribution space for products bought via their e-commerce platforms.

Many assumed that the shift to remote working would render commercial property all but obsolete. However, an increasing number of South African companies have downscaled their operational spaces to allow for hot desks and hybrid working models, rather than doing away with the need for property altogether.

As various industries adapt to the needs of an evolving working world, small business owners stand to gain a foothold in the property sector by either purchasing their business premises or purchasing the space to lease it out to other small businesses and retailers.

Longer leases as the grounds for better financial stability

Commenting on the potential advantages of owning commercial property versus residential spaces, Govender advises that the former usually involves longer term lease contracts of between three to five years (compared to one year for residential property).

As he asserts: "Owning commercial property requires a long-term mindset. Securing a tenant or multiple tenants for a few years at a time will allow entrepreneurs to factor this monthly rental income into their budgeting and forecasting exercises.

In light of this, owning commercial property provides for a better sense of financial security and certainty in terms of your income stream. SMEs therefore stand to benefit from more sustained and healthier cashflow – a factor that is crucial to the longevity of a small business."

Portfolio diversification as a risk management strategy

Generally, commercial properties fetch higher yields and appreciate more in the long term than residential spaces. Several experts also agree that investing property involves a lower level of risk than other forms of investment such as investing into stocks and bonds.

Expanding on the benefits of this type of investment for small businesses, Govender emphasises the importance of building a diversified investment portfolio. The risk that comes with certain financial vehicles can be balanced out by an investment into property across a range of categories, such as retail, factory space, hospitality and wholesale.

In diversifying your portfolio as an SME owner, you can position assets like property as a buffer in times of economic turbulence, which as Govender asserts, has become increasingly important within the current geopolitical and economic context.

Income now, capital later

The financial benefits of investing in commercial property includes positive implications for both the "now" (in the form of rental income) and the "later" (in terms of capital growth).

As Govender explains: "The fact that owning an asset whose worth will grow over time is what makes this class of investment attractive to entrepreneurs, especially those who align their business growth strategies with the potential to sell the commercial property in the future and realise a profit which can be plugged back into the business' operations.

Larger capital could also allow small business owners to access a wider range of refinancing options on future loans for more properties or business growth strategies. In these cases, having a commercial property as collateral may work in the favour of SME owners who are looking to win the confidence of financiers.



The business case for investing in commercial property

Business Partners Limited offers 100% finance to entrepreneurs who wish to purchase property which they currently occupy, as well as multi-tenant complexes that can help them service the loan repayments on their bond.

Govender urges small business owners to ensure that "their own house is in order" before applying for finance for a property. "Before approaching a financier, small business owners need to ensure that they have an airtight business plan backed by a strong financial proposal, a healthy credit record, a solid track record of consistent performance and a convincing case for how the investment will translate into better cashflow management in the long term."



How to become a property hacker

By Carlo Mariani



Oxford definition of 'hacker' – 'a person who uses computers to gain unauthorised access to data.'



The adage of "don't wait to buy property, buy property and wait" is a dangerous comfort zone for aspiring and growing property investors in the current residential property market in South Africa.

Recent and expected low levels of economic growth are undoubtedly a significant headwind to rapidly rising prices and rental growth. It is really a matter of "when the going gets tough, the tough gets going"; buy the wrong property in the wrong area at the wrong price and you might find yourself watching paint dry for a very long time.

Buy the right property, in the right area, at the right price, with the right financing. That makes you a Property Hacker.

So, what do Property Hackers do and don't do?

One of the key skills that you need to train is to stay focused. Too many investors approaching me for guidance and support suffer from various degrees of "property schizophrenia", meaning they are chasing too many strategies in too many areas; the current market does not tolerate a superficial approach. Being unfocused is a sure recipe for disappointing long-term results as much as it might give you a short-term sense of achievement.

Four dangerous mistakes to avoid.

Mistake #1

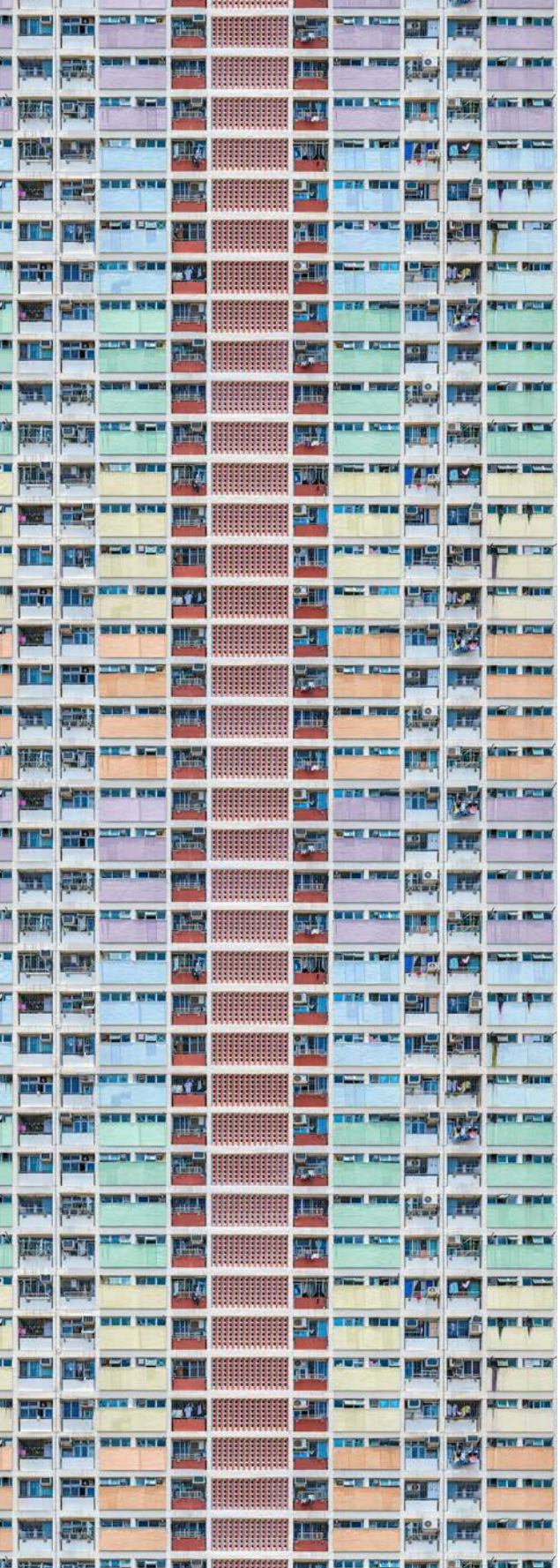
Investing in your "back-yard" simply because you know the area well and you are comfortable with it.

There are numerous areas in South Africa that will perform poorly in the upcoming years based on a volatile mix of climate change, decarbonisation of the economy, poor service delivery, social unrest, urbanisation and internal migration patterns. The place where you live and/or work could be a great place to invest or a poor one. Do your homework well.

Mistake # 2

Over-estimating the importance of short-term noise

Interest rates fluctuations - and under-estimating the long-



term trends (such as mass urbanisation). Watch less financial news on TV (it is meant to be a show, rather than a true educational platform) and spend more time researching useful source of information and data like Stats SA.

The biggest challenge for property investors in South Africa at this stage is to fight the negativity and pessimism by those that have never tried or achieved anything big and by those that find great joy in criticising everything and anything.

Mistake #3

Going solo or doing property DIY.

I'm not referring here to physical repairs or refurbishments, but rather to the temptation of reinventing the wheel and trying to fail fast, fail forward by doing everything yourself. Making mistakes in property is often very expensive and totally unnecessary. Winning in Property is really a sports team. If you love basketball like I do, you need at least a strong starting five.

In Property this means trusted experts in these core areas:

- Raising money from the banks
- Accounting and tax compliance
- Conveyancing and Property Law
- Trust formation & management
- Deal sourcing

Mistake #4

Trusting your private banker too much.

As we enter a new phase of credit tightening internationally and locally, your ability to "shop around" for home loans is critical to your property success. As much as your private banker might give you convenience, you are likely to pay dearly for such convenience, at least over the medium to long-term. Do you pay the same for your cold drink at the petrol station as you do at a large supermarket?

Avoid the above mistakes and you are already half-way through your property journey of success and financial independence. The rest boils down to "patient action".

I often experience being approached by aspiring and growing property investors that have taken no action for years (mainly without a true reason for that) and now they want to play catch up. And that's very dangerous. Let's say that property investing is a bit like running a marathon. You have run your first 21km's slower than you wanted to.

There is no way you can make up time by trying to be running the 2nd half of the marathon faster. All you will end up doing is to "blow up" and probably having to retire from the race.

3 Key Hacks to running a successful property marathon.

Develop deep area expertise for one specific area

Stick with it for at least 6 months before changing it or expanding it to an additional area. Area expertise starts with a solid understanding of the supply and demand dynamics of the rental market; it is the rent you receive that pays your bond, levies, and rates.

As such the health of the rental market is the most important



indicator of how your property investment will perform for you. What's renting best? At what price? What features people want and are willing and able to pay for?



Visit a lot of properties to find the right one.

In this hi-tech era should you still invest time and money in physically viewing properties as part of your investment process? Yes, if you do it the right way:



- **Arrive early for your scheduled viewing.**

There are at least 3 benefits to doing this: #1 you only get one chance to make a great first impression #2 you get the chance to look at things and walk around in your own time and at your own pace #3 look at notice boards in the reception area (they can be revealing...

- **Take the stairs, not the lift.**

Other than a good work-out, taking the stairs going up will give you a different perspective to the overall conditions of the complex. Going up slowly will give you time to watch out for important signs like broken windows, overall cleanliness of common areas, presence of duly serviced fire-extinguishers (check out the service stickers) and noise levels.

- **Come prepared.**

Run your Lightstone Property Sectional Title Scheme Report (if you are viewing a sectional title unit) before you come to the viewing. You will be able to ask more informed questions and get more value from your engagement with the seller and/or the agent. Access to this type of reports is one of the many great benefits of the membership to our PropertyHack.Club

- **Write down a Visit Report within 15' from the end of the visit.**

Capture what you have seen and observed. You will forget in 1 day, 1 week, 1 month and many deals will happen long after you have seen the property for the 1st time (if you want to buy below market value). Don't rely on your memory. Once you have seen 20 properties, your memory will play tricks on you.

Write more Offers to Purchase than you think necessary.

Writing an Offer to Purchase is not the end of a negotiation process. Use it as the start of the negotiation process. Once you have formalised in writing an Offer to Purchase you have dramatically increased your ability to close the deal at terms and conditions that are acceptable to you.

Do not negotiate verbally. And most importantly accept the fact that 90% of your offers will not get accepted and the 10% that gets accepted might get accepted a long time (sometimes months) after you first formalised your offer. But having written that offer makes you "memorable" in the eyes of the seller and once they have lowered





their expectations, they are more likely to contact you. When that happens move quickly and enjoy the results of your patient action.

In conclusion, "Don't wait to buy property, buy property and wait" is outdated and dangerous advice. Buy the right property, in the right area, at the right price, with the right financing.

That's what Property Hackers do!

Getting access to my team of experts in these areas (and enjoying discounts up to 50% on prevailing market rates) is a key value add to the membership of our PropertyHack.Club

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Carlo Mariani
Founder
ThePropertyCoach

docfox

rei

FICA Compliance

Guidance for the Real Estate Sector



1

Relationship Starts with Seller

- Relationship starts with seller when **mandate is signed**
- **FICA needs to happen on seller** as Estate Agents are Accountable Institutions
- Lightstone / Windeed report is pulled to **ensure that the registered seller is the owner of the property**
- **Application with seller's details is created on DocFox where FICA is done within minutes - this includes risk rating, sanction screening and adverse media checks**

Read our article:
An example of when to conduct Enhanced Due Diligence in the Property Sector>>> for examples on how to conduct proper due diligence

2

Property is Listed For Sale

- **Marketing** of property starts
- **Prospective buyers** come and view the property
- Buyer can submit an **Offer to Purchase (OTP)** if interested in buying the property

3

Prospective Buyer is Identified

The following questions are some examples that will impact how the terms and conditions of the sale of the property are put together in the OTP & whether the prospective buyer is a good fit:

- What are the suspensive conditions of sale?
- How do they intend to pay?
- arriage status?
- from?

4

Bond Originator performs Credit Checks

- Should they need a hom
contact a bond orginator

GET ACCESS TO THE FULL GUIDE HERE

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OFFSHORE



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House of Multiple Occupancies (HMO's) in the UK offer higher than average buy-to-let yields



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rei



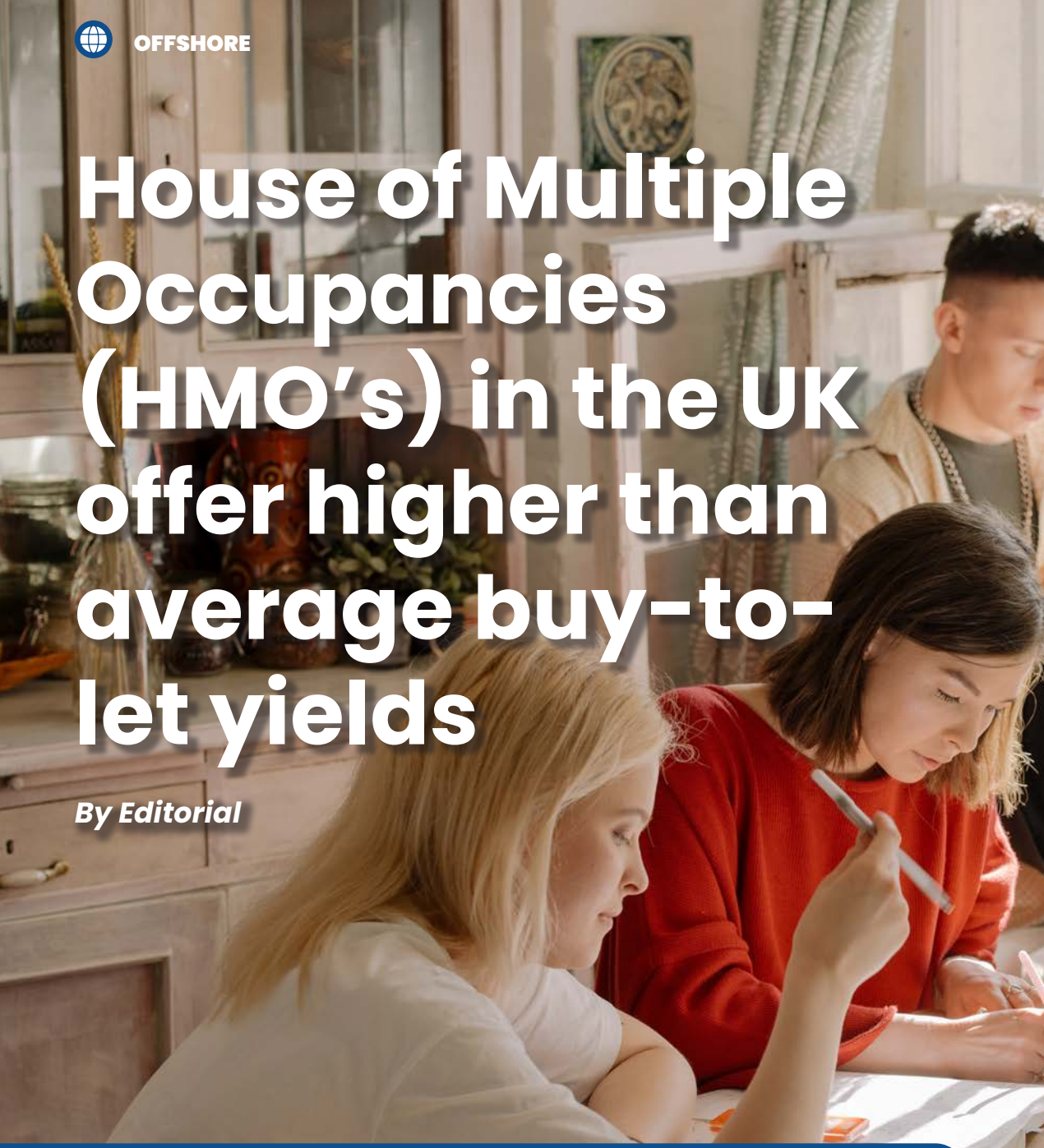
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SIGN UP

House of Multiple Occupancies (HMO's) in the UK offer higher than average buy-to-let yields

By Editorial



HMO - 'A house in multiple occupation (HMO), or a house of multiple occupancy, is a British English term which refers to residential properties where 'common areas' exist are shared by three or more tenants (typically unrelated) paying rent.'



Your home is a house in multiple occupation (HMO) if both of the following apply: at least 3 tenants live there, forming more than 1 household. you share toilet, bathroom, or kitchen facilities with other tenants. When compared to standard buy-to-let rental properties, on an HMO you should expect a minimum of 12% gross yield, and on average a likely 15% realistic gross yield.

Parata Property founded by Dean Parata originally from Sydney, Australia is also an Italy international rugby league footballer who plays as hooker for London Broncos.

Parata specializes in providing a turn-key service for national and international investors looking to invest in the UK property market. We source, project manage, convert and deliver fully compliant HMO property in the Northwest.

Parata Property was founded in 2020 due to a response to the demand for a one-stop-shop for HMO sourcing and development. We witnessed a gap in the market for investors looking for a tun-key solution for their HMO investment. There was a lack of information, transparency, and service for this lucrative investment strategy. This is what birthed the idea of Parata Property.

Fast forward 3 years and we have delivered over 26 projects to date and serviced over £7 million in client transactions across the UK. Our client base stretches from the UK to the Netherlands, Switzerland, Greece, Hong Kong, and Australia. With this much experience, we consider ourselves experts in the field.

Let's take a deep dive and closer look into what an HMO property is? And why do they stand out amongst the other property investment strategies?

What is an HMO property?

HMO (Houses of Multiple Occupation) is where 3 or more unrelated tenants live in one household sharing facilities such as bathrooms and kitchens. HMO tenants pay a premium rate per room which produces higher than normal cash flow, compared to a standard Buy-To-Let investment strategy,



where the landlord decides to rent out a property under one tenancy agreement. This is typically suited for families and couples, a more straightforward investment strategy.

So why does the current market conditions matter?

Currently the Bank of England is under pressure to increase interest rates because it has a target to keep inflation under 2%. The Bank rate is already at its highest level for 14 years, rising consistently in response to the soaring cost of living. Just under a third of households have a mortgage, according to the government's English Housing Survey meaning many homeowners and Landlords are now facing much more expensive monthly repayments. The BBC have found in comparison with pre-December 2021, average tracker mortgage customers will be paying about £394 more a month, and variable rate mortgage holders about £251 more. The increase in mortgage rates for Landlords can significantly reduce profits if high cash flow strategies are not being utilized.



But what does this really mean for investors?

Let's imagine a £175,000 3 bed house with 2 reception rooms that can be converted into 2 bedrooms. If this property is converted to a 5-bedroom HMO the landlord could potentially earn £550 per a bedroom. That would provide a monthly income of £2,500 before expenses. However, if the landlord decides to keep the property as a Buy-To-Let they would gain a monthly income of around £1,500. With the current rising mortgage rates and uncertainty of the market, investors will further begin to see less of their monthly profits. With HMO properties there is less exposure to rent arrears that will

Our Roadmap

HOW OUR TURN-KEY SERVICE WORKS

STEP 01
Property Sourcing

We source property that is suitable for HMO conversion across the UK's entire North West.

STEP 02
Securing the Property

Contracts are to be signed and invoices paid to secure the property deal.

STEP 03
Pre Purchase Prep

Once secured, due diligence begins. Solicitors are instructed, surveys are booked and builders are prepped to begin works as soon as we have the keys.

STEP 04
The Refurbishment

Now for the refurb. Bi-weekly project progress reports will be sent to keep the client in the loop throughout the 4-5 month refurb timeframe..

How it Works

OUR TURN-KEY SERVICE

STEP 05
Property Compliance

As the refurbishment comes to an end, all qualifying certificates will be issued and the HMO license will be applied for.

STEP 06
Furnishing the Property

Furniture, furnishings and white goods will be ordered and delivered.

STEP 07
Refinance

Now that the property is refurbished and furnished, we can arrange the refinance.

STEP 08
Handover

The property is handed over to one of our trusted partner agents to tenant the property and start earning some rent.



be greater than the property expenses. If one out of five tenant's default on a payment the other tenants can cover the property expenses, further decreasing the risk to landlords.

Why would a tenant choose an HMO over an apartment?

The UK has been in a housing crisis for many decades. Centre for Cities claims that today, Britain has a backlog of 4.3 million homes that are missing from the national housing market. They were never built. This has been a key factor behind the UK's inflated property prices and soaring rental rates.

With rent increasing in the private housing market, it is usually cheaper to live in a HMO than it is to live in a flat. Tenants pay for their accommodation by the room. Prices can range from £350 - £750 depending on the size, location, aesthetics, tenancy flexibility, whether they have their own private bathroom and if bills are included.

Household energy bills increased by 54% in April 2022. Tenants in a shared house can divide those costs amongst themself reducing their monthly outgoings. If the same tenant was to live in a flat, all the running costs would fall on them. Since Covid the cost of living has soared across all sectors which has resulted in renters looking to tighten the belt and save every penny. More and more landlords are offering a bill included service as it removes the stress from tenants around coordinating bills and managing and price increases.

The opportunity

The UK is in a housing crisis. HMO's offer a solution for both tenants and landlords. Here at Parata Property, we pride ourselves on offering a turnkey solution for clients looking to get a foothold in this lucrative investment strategy.

ENQUIRE NOW

Why are the buffalos heading north? – The hidden benefits of investing in UK property

By Sophie Gamborg

The Telegraph newspaper in the UK recently announced that the 'British pound is expected to soar' and that sterling is trading close to a one-year high against the dollar, a result of a more resilient housing market and strengthening economic activity. Ten years ago £1 was R13 and today it is more than R24. South African investors have a prime opportunity to hedge against the rand's further depreciation and diversify their property investments offshore.



There has been a fair amount of negativity on South Africa in the press recently. The scandal of South Africa's alleged arms to Russia, the rand hitting a record low, the increase of the interest rates; dare I mention Eskom. Whilst South Africa news headlines report that the "rand sets a record low" and "volatility is seen ahead" the UK headlines paint a different picture. However investors are now spooked, and will continue to exercise caution around South African investments, especially if there continue to be unwise decisions made by the government.

The opportunity

This month I thought it would be helpful to compare the difference between buying a 1 bedroom apartment in the UK to buying a 1 bed apartment on the Atlantic



seaboard. I mentioned this comparable to a South African friend of mine and they replied "surely you cannot compare apples to apples because it is not possible to buy a decent one bed in the UK for the equivalent of a one bed here at R2,500,000".

Let's compare the two investments:

South African investment
On the Atlantic seaboard you can buy a 1 bedroom apartment for R3,047,500. With a 70% bond, transfer duty and bond costs you are looking at a cash total of R1,361,625.

If we look at the bond repayment on the Sea Point flat, which based on today's rates would be approximately R18,000, and if you are achieving the same rental as the UK apartment, R17,000, then you are in a cash negative.



I moved to Cape Town in 2021 for a 3 month stint from London and I am still here. I love Cape Town, it is the most wonderful place to live (aside from the lack of electricity). This negative news is disappointing for those of us who live here but quality of life is important and that is what we get in Cape Town.

That being said, I remember a quote I read by Magnus Heystek, Director and investment strategist for Brenthurst; and I could not agree with him more.

‘ The Cape Town property market is performing well and like the UK there is huge demand for rental property. However, the capital growth on the UK property will be more significant based on the currency play alone.’

"As far as wealth creation is concerned there is nothing better than an asset class that grows in a hard currency when you are living in a soft currency country"



UK investment

In the UK we are selling 1 bed apartments in a beautiful listed building in the north of England, 75 minutes from London. We sold the entry level apartment, priced



at £117,500 (R2.8m) so for arguments sake I will compare the Sea Point apartment to an available 1 bed priced at £132,500 which is R3,047,500, the same price as the Sea Point flat. If you took a UK bond at 70% (South Africans can borrow up to 75% from the UK banks, interest only), added the transfer duty (stamp duty tax) at R152,375, the UK legal costs and bond costs, you would be looking at a cash employment of R1,340,900; slightly less than the Sea Point flat.

The fundamental difference being that because South Africans have access to UK bonds which are interest only, your monthly repayments would be R8,204 per month. The UK rental market is pumping and this UK apartment would give you a rent per month of approximately R17,000 (£700). This would cover the bond and the management fees, leaving you with a surplus R8000 per month. (*based on a UK bond rate around 5.25%).

In the long run, a house or flat in the UK will not only save your money from inflation, but also generate a significant gain if you decide to sell it.

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Sophie Gamborg
Property Specialist
LIO Global SA

‘Thoughtonomy’ – a must read book for property professionals

By Editorial



‘Thoughtonomy’, the first book authored by property entrepreneur, business coach and public speaker, Grant Gavin, is the perfect way to help real estate agents and other stakeholders in the property sector to positively navigate South Africa’s unpredictable economy and turbulent property market.



As the owner of Durban-based RE/MAX Panache, one of the most successful franchises within South Africa's largest residential real estate group, Gavin has personally experienced all the challenges faced by the sector – from the global recession of 2008 through to looting and flooding in his home province, inflation and interest rate hikes and the Covid-19 pandemic.



However, although there is much uncertainty, with the correct approach, he is confident that the property market will recover and even grow and that the professionals that have carved careers for themselves can continue to succeed.

The book's message is that one's actions impact all of the outcomes in one's life, both positive and negative, and that this behaviour is defined by your conditioned thoughts and beliefs. But, what if these thoughts and beliefs are fundamentally outdated when it comes to the world where you now find yourself or even the property market in which you operate?

Fundamental questions he asks the many members of his own property team

"Coaching holds property professionals accountable by ensuring that they follow the most productive activities (behaviours) that will help them achieve the outcomes they want for their businesses. The book addresses what defines behaviour and, more specifically, how the way you think, or what you believe, may be currently holding you back or

preventing you from fulfilling your potential," he explains.

The first part of 'Thoughtonomy' unpacks how the conditioned thinking that defines your actions may not even be yours to begin with. It has readers questioning the origins of many of their strongly-held beliefs about themselves and the world around them. This is followed by a simple four-step programme designed to empower the reader to take back control of their thoughts and emotions and, ultimately, their level of happiness and fulfilment in life.

His book's lessons are down-to-earth, relatable and authentic and apply to everything from entrepreneurship, business and management to relationships, parenting, family life and personal development. Gavin draws on inspirational, often emotional, story-telling as well as his own personal experiences of starting out his journey as a young property business owner with zero confidence in his abilities.

He believes that the world has undergone a seismic shift over the past three years and that many real estate agents could well find themselves in a similar debilitating mindset as he did when he initially set out to mould his own career.

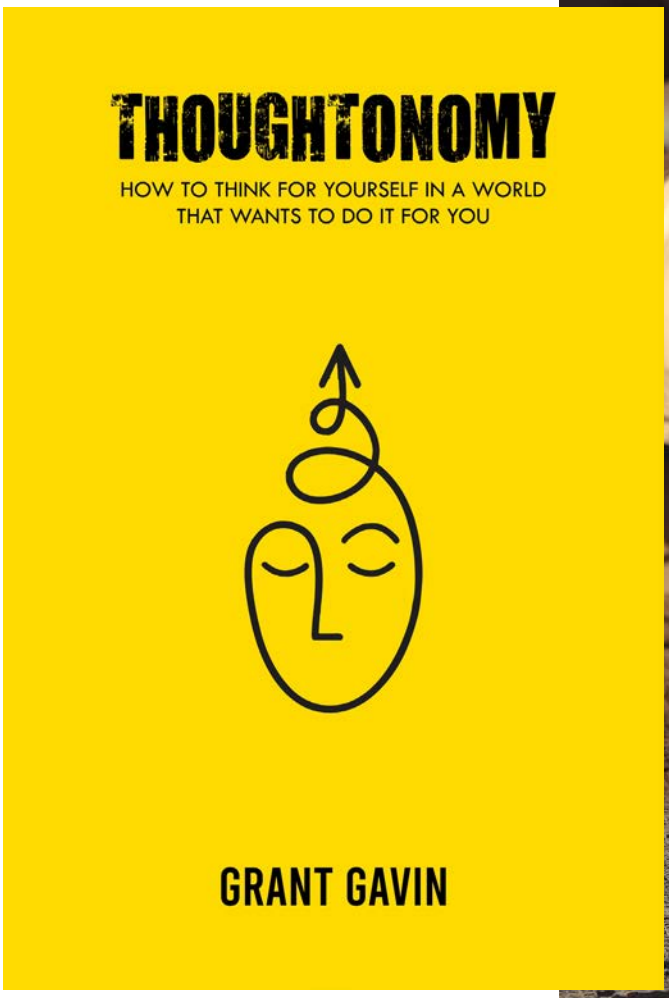
"Many property professionals battle with change and keep relying on outdated training, thinking and activities. They battle to adapt to the changing dynamics of the market and society and, because change is uncomfortable, they stay in their comfort zones and convince themselves that it is just the way they are. This is not true. It is just the way that they think they are. The book will get them to question everything they believe to be true, especially all the thoughts that are not serving them well. We see the world as we perceive it to be true. Change is possible for anyone," he says.

Gavin's three important messages for fellow property professionals:

- Don't label or judge how you think the market will be in 2023. The market is the market. Rather adjust your activities to the shift in the market.
- Always keep working on yourself. Meaningful change

comes from within.
- Don't compare yourself to others. Only ever compare yourself to yourself.

BUY THE BOOK - THOUGHTONOMY
How to think for yourself in a world that wants to do it for you
It is your right to self-govern your own thoughts so you can live your life to its full potential.







'Thoughtonomy' will show you:

- How your thoughts impact your behaviour and your results in life.
- How your thoughts might not be serving you well right now
- How your thoughts may not even be your own
- Four simple, easy-to-understand steps to claim back the power of your mind.



Grant's journey from a young business owner with zero sales experience, and zero confidence in his ability as a leader in a sales environment, to an award-winning industry leader, global speaker, and coach for salespeople and entrepreneurs, is a testament to his belief that life is a constant journey of personal discovery and growth, and that the key to unlocking your potential always lies on the other side of your own limiting beliefs.

Grant's success is founded on the principles of giving always investing in the success of others and inspiring through the power of the story, which comes to life powerfully in his first book, 'Thoughtonomy'.

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Look out for our next issue in June/July 2023

info@rei.co.za





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