

Become an investor, keep your home

It may be easier than you think to become a property investor, says Gerhard Kotzé, new MD of the RealNet estate agency group, by hanging on to your existing home instead of selling it when you need to move.



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Kotzé notes that for some people, letting the property might actually make more sense than selling it, especially if they have already paid off most or all of the bond and are heading for retirement.

“In such instances, they might well be able to rent it for an amount that would more than cover the remaining monthly bond repayment, while simultaneously hanging onto an asset that is not only appreciating but could generate an additional income for them in retirement.”

Rental demand

However, before you decide to let your home, he says, you will need to make very sure that there is good demand for rental properties in your area. Your best way is to check with a reputable rental agent who can give you the statistics for the neighbourhood, and suggest a market-related rental to charge.

“You will then be able to see if this would cover your bond instalment and preferably give you an extra amount each month for the rates on the property, as well as the regular maintenance and running repairs that are necessary if you want to

hang onto good tenants.”

Kotzé says you will also need to work out if you are in a financial position to keep your existing home and buy a new one at the same time. “At the very least you will need to have a clean credit record and enough savings to cover a deposit on the new home as well as the transfer and legal costs, but once again, it is a good idea to seek professional advice on this issue, from a good mortgage originator and your financial planner.

Tax implications

“You should also check out the tax implications, as you will need to pay tax on the rental income and possibly capital gains tax if you later decide to sell the property after all.”

In addition, he says, prospective landlords do need to be wary of dishonest or unreliable tenants, and make sure they do a full credit, reference and employment check before they hand anyone the keys to their property.

“Indeed, your best bet is to appoint an experienced rental agent to help you find good tenants, ensure that your lease documentation is all fully compliant with the relevant legislation, collect the rent and manage the property. This is especially important if your new home is in a different town or city.”

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