

## Five reasons why owning definitely beats renting

With SA's economy looking uncertain and interest rates starting to creep up, many young people who have been getting ready to buy their own homes are starting to wonder if they should go ahead now or put their plans on hold –perhaps indefinitely.

“However,” says Harcourts Real Estate CEO Richard Gray, “they should have no doubts about buying, because owning a home is preferable to renting 99% of the time, and if you are going to buy, it is always better to do so sooner rather than later.”

Some of the reasons that young people should embrace home ownership as soon as possible, he says, include the following:

1. When you get old, your home will hopefully have been paid off, so you will have complete security of tenure. You will not have to worry about the cost of your accommodation rising, in terms of rent increases, when you are quite possibly living on a fixed income.
2. You can finance your home more easily. At the moment, interest rates are still extremely low from a historical perspective, so it is easier to qualify for a home loan now than it is likely to be in a year or two, when rates may be higher and home prices will definitely have gone up. In addition, having a lower home loan repayment to make now should enable you to pay an additional amount each month, which will not only protect you against future interest rate increases, but shorten the overall repayment time on your home and save you many thousands of Rand in the long run.
3. You can really customise your home. When you buy a property, you can redecorate, renovate and improve it as you please. You can, for example, install insulation, solar panels and a heat pump to make it more energy efficient and cut your utility bills, without having to ask anyone's permission.
4. You can use your home to earn extra money. When you own the property, you can rent out a spare room or spare garage, for example, or use some space to accommodate a weekend or home-based business that will bring in additional income.
5. Your home can help you financially. The value of the property keeps growing while the amount you owe on your home loan decreases, and after a few years, you should be able to use some of this “equity” to pay for a child to go to university, for example, or perhaps to invest in a second property.

“Alternatively, once you have built up some equity in the property, you may decide to sell it and use that ‘profit’ to buy a better property,” says Gray. “Or if you are ready to retire, you may well find that this amount is sufficient to enable you to buy a smaller home outright and keep your retirement fund intact.

“In short, home ownership will give you an increasing range of financial and wealth creation options over the years, which will definitely not be the case if you just continue to rent.”

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