

Emerging middle class battle with extra upfront costs of property buying

It is frequently said by estate agents that the biggest shock that many home buyers receive when they come to considering home buying is the extra costs related to such purchases.

This, says Lorenzo Jardine, the Rawson Property Group's franchisee for Grassy Park and Retreat, is particularly true of those people living and buying in the lower middle and lower price brackets.

"While it is true that these people are slowly regaining the saving habits that came naturally to previous generations, very often they do not understand the other costs involved in such purchases."

On a recent R800,000 sale for a home in his area, says Jardine, the buyer was dismayed to find that his conveyancing and transfer fees amounted to R18,000 and his bond costs to R14,000. He had not even, in fact, realized that there would be an upfront cost in registering his bond.

"In these very difficult situations," says Jardine, "the sympathetic estate agent can help by proposing ways of finding bridging finance. In our areas often family members are prepared to chip in either as lenders or as co-owners of the property."

Many would-be home owners in the previously disadvantaged areas, adds Jardine, have to be 'coached through' all the legalities surrounding property buying. Here, however, Rawson Finance, which recently achieved a new monthly record for the number of loans issued, and other good bond originators are playing a very helpful and a significant role in setting up applications from potential buyers so that they have a far better chance of meeting the banks' still stringent conditions.

"I do feel," says Jardine, "that transfer fees could be significantly reduced without causing serious problems and that this type of payment should be more publicized by the banks so as to avoid the shocks that so many of our clients get when we explain what is needed to them."

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