## Don't be too hasty to alter your property

As interest rates rise and it becomes more difficult to qualify for new home loans, it is natural for an increasing number of owners to decide that they would rather make alterations or additions to their existing home than sell and try to buy a new one.

However, it really isn't a good idea to make extensive changes without first checking to see that you will not be over-capitalising your property, says Berry Everitt of the Chas Everitt property group.

"Unfortunately, the money an owner spends on improvements to a property does not always translate into an equivalent increase in its value to prospective buyers. And the result is that when you do eventually decide to sell, you will probably not recoup the full cost of the improvements in the sale price, and your potential profit on the property will be eroded."

Writing in the Property Signposts newsletter, he says that is why it is always best to consult a trained and experienced real estate professional about property values and price trends in your area before going ahead with any major remodelling projects.

"When you do all the calculations, you may just find that your money would really be better spent as a deposit on a new home."

Everitt says another thing to bear in mind in this regard is that the Capital Gains Tax exclusion on primary residences is currently set at R2m.

"That sounds like a lot to most people, and according to SARS it does mean that most primary homes in SA will never be subject to CGT. However, if you bought your home more than 10 years ago, it is worth checking to see that any improvements you make won't push your eventual potential gain on the property over the R2m mark."

Chas Everitt Press Release