

Tips for Buying a Home in South Africa

By KINGDOM



Buying a home, especially for the first time, can be an extremely daunting task. It's certainly one of the biggest decisions one can make in their life, both financially and emotionally. Ready to jump into the challenge but don't know where to start? With the help of our guide, we'll show you the steps to buying a house and have you well on your way to purchasing your dream property in no time.

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Making the Decision to Buy

Buying a home is a serious decision, so you should first consider if home ownership is for you. Owning a property versus renting it can seem very appealing, but this doesn't always mean it's the best option for you in the long run.

Consider some of these questions concerning your current circumstances:

How long do you plan to stay there?

If there is still a lot of uncertainty about your future in the next few years, especially when it comes to where you want to live, you may need to reconsider your idea of buying a home.

What do you need, and what can you afford?

You'll need to consider what you need now, but also what you may need in a few years and whether you can afford to buy a property that meets these needs. Also, bear in mind that the minimum salary to buy a house in South Africa is generally between R15 000 and R25 000 after tax.

What is the current housing market like in your area?

Even if you're certain that buying a house is the right decision, it still might not be the right time. The number of properties up for sale relative to the demand influences the market and determines if it favours sellers or buyers.

Organise Your Finances



Affordability

The first step on your journey to buying a home is to work out what you can afford.

Buying property certainly isn't cheap, so you'll need to make sure your budget is realistic.

You also need to be cautious and prepare yourself for the many hidden costs involved when buying property, as they often take first-time buyers by surprise.

Credit Score

Your credit score is very important.

A healthy credit score means you'll be more likely to be approved for loans with the most favourable terms. Before you start the process of applying for loans, make sure that you build good credit by consistently paying your monthly instalments on time. You should also try to pay off as much of your existing debt as possible.

The minimum credit score needed to buy a house in South Africa is around 640, but a score of 670 and up is considered excellent and significantly increases your chance of approval.

Deposit

In addition to having a good credit score, you'll be more likely to be approved for a home loan if you can put down a deposit. As a general rule, your monthly bond repayment should be under 30% of your monthly income, so putting down a generous deposit will help keep these repayments down, and you'll also end up paying less on interest over the term of your loan.

Have a Loan Consultation

It can also be a good idea to meet with a consultant or two from a lender to discuss your intention to purchase a property and your financial situation. Consulting with lenders early on in the process can help answer any questions or concerns you might have, and you'll get a better idea of how much of a loan you can expect to be approved for.

Cash

If you're in a fortunate position to buy a house in cash, then you are at a great advantage.

There are many benefits to buying a house in cash, including a higher chance of having your offer accepted and not having to pay interest rates.

The procedure for buying a house in cash in South Africa is fairly straightforward and much faster compared to buying with a loan. If your seller accepts your offer, the deal is usually closed in a matter of days, with the property transfer period taking as little as a month.

Searching For Your Property



Now that you've got your *bucks* in a row, you can start the exciting search for your new home!

But there are many factors you need to consider when looking at properties:

Budget

Now that you know what you can afford, you can finalise your budget. It's usually a good idea to look for properties that fall below your maximum budget, so you'll have a cushion for those unexpected costs or to do any needed updates or repairs on the property.

Needs

Buying a home is a long-term investment, so you need to think about the type of home and amenities you and your family need both now and in years to come. One of the most important things to decide on is the size and number of rooms you need, and try to only look at homes that meet these requirements.

If you find a home in your budget that can be potentially renovated to add an extra room or extend your living space, then it might be worth your while, but be aware that this is often easier said than done.

It would be a shame to fall in love with a property that just isn't going to work for you realistically.

Lifestyle

Your lifestyle is also an important factor to consider when looking at properties. How do you spend your free time? For example, if you're someone who loves to entertain, then you should consider property features like the kitchen, braai area, and perhaps even a pool.

Besides the property itself, you should also consider what you'd like to have close by to suit your lifestyle, such as:

- Shopping centres and malls
- Restaurants
- Parks and trails
- Health, fitness, or recreation centres
- Highway access
- Distance from the airport

Security

It's no secret that security comes high on the list when buying property in South Africa. You should consider the safety and crime rate of an area and what security features potential properties have.

These days, complexes and gated communities are becoming the popular choice for many home buyers because they tend to offer better security, but

they can often be more costly, and you'll likely have a homeowner's association to adhere to.

Location and Proximity

Last but certainly not least, you need to decide what areas you would like to live in. You need to be close to your workplace and schools, but it might be a possibility that the most convenient areas aren't going to be the most affordable. You could also consider looking at up-and-coming neighbourhoods, which are often in a more affordable budget range.

Find a Real Estate Agent



While it is possible to purchase a property on your own, working with a real estate agent can make the process much easier, especially if this is your first rodeo. Real estate agents are the most up-to-date when it comes to the latest properties available, up-and-coming areas, and more. So, once you know what your needs and budget are, a real estate agent can help you to find homes best suited to you. [Almost 90% of home sales](#) are coordinated with a real estate agent.

In addition to helping with the search, estate agents will also deal with the fine print and the documents needed to buy a house in South Africa.

Prepare to Make an Offer

So, you've found the one! But congratulations aren't in order just yet.

You need to make an offer first and see if it gets accepted or not. You might need to prepare yourself to negotiate with the seller, especially if you've made them an offer below their asking price.

A good estate agent should be well versed in the art of negotiating, so they will be able to ensure you come out with the best deal.

The Loan and Transfer Process



Once you've reached an agreement with the seller and completed an offer to purchase, the final step can begin. The loan process in South Africa can be summarised as follows:

Step 1: Apply for a bond through the bank of your choice or a bond originator.

Step 2: After assessing your application, you will receive 'approval in principle', which means your application has passed the initial checks but needs to be further evaluated to determine final approval.

Step 3: The property will be assessed by the bank to determine its true value.

Step 4: Once approved, you receive documentation of the home loan amount, interest rate, and terms and conditions.

Step 5: Once all the documentation has been accepted and signed, the loan will be formally granted to you by the bank, and a loan attorney will register the bond.

During the approved loan and transfer process, you will work with three attorneys: a transfer attorney (who handles the transfer of the property from the seller to the buyer's name), a bond attorney (who registers the bond in the buyer's name), and a cancel attorney (who cancels the existing bond of the seller).

Moving Tips

Finally, it's time to move to your new home! Soon you can kick back and relax and enjoy your new space, but first, you need to get there.

Before you move, you should consider the following factors:

- Distance from your old to your new home
- Volume and quantity you need to transport
- The time frame you have to move (maybe you have a deadline for new tenants moving into your old home), and the timing of your seller as they vacate your new home.
- Costs of moving

Let www.kingdomrealestate.co.za help you settle into your new home with the least amount of moving stress. With our easy-to-use platform, you can find and book a trusted local mover for your next move.