

Is the 'sweet spot' for home buying now upon us?

 By [Ronald Ennik](#)

25 Jan 2019

Astute investors know that the basic premise of sound investment is the timing and pricing of the item purchased. In real estate another basic consideration is location.



© bluebay – [123RF.com](#)

Wouldn't it be ideal to have transfer of a residential property you purchased occur simultaneously with a positive African National Congress (ANC) election outcome for President Cyril Ramaphosa in a few months time?

Good property investment is all about buying at the right time... and at the right price. That's the secret. The residential property market has almost certainly hit rock bottom in the current market down-cycle. All indications are that the South African residential property market (outside of the Western Cape) is at last poised for an uptrend. Is it at, or close to, the 'sweet spot' for delivering good returns on investment to buyers who transact now – or soon?

Astute investors are aware of this. They know that by the time Cyril Ramaphosa is (seemingly inevitably) re-elected and more firmly settled, both in the presidential saddle and as head of the ruling party, they will be poised to take transfer of homes bought now.

Ideal timing

An example I am aware of is a home in one of Johannesburg's northern suburbs which was well-bought at around R2.5m a couple of years ago, and renovated. It has now changed hands at R6m-plus. Conversely, a similar home (in the same suburb) that was seemingly badly bought at a slightly inflated price at over R3m (admittedly when the market was at a slightly higher level), and subsequently upgraded, is not going to achieve a profit.

It's all in the buying. A good investment is only a good investment if it was bought well – and at the right time.

The reality is that if you buy a property when you feel that the market has turned, you could well have missed the bottom of the market by four to six months. This could cost a good few percentage points in terms of the benefit reaped!

Wait-and-see buyers are already starting to step out of the shadows to capitalise on the growing expectation of an improvement in market sentiment after the election. It may well herald the start of a positive process that could be perfectly poised to gather momentum.

When it comes to investment in general – and in the homes market in particular – the timing of the buy process is all-important. If your offer to buy is well timed, the chances of benefiting from growth are so much better. Conversely, if your purchase is badly timed, you may well achieve the same growth – but almost certainly not the same financial benefit.

Optimum buying time

If you are a gambling person, you will ask yourself this question: "What are the odds of the market dropping further over the next few months, or remaining unchanged?" If you believe that more falls are unlikely, it cannot be all that risky to take a dip now on the likelihood of an approaching positive post-election up-cycle – albeit probably perceived as modest at this stage.

The market has already borne the brunt of the tsunami of bad news that has dampened buy/sell sentiment for far too long. It is now poised at a turning point. If there are still one or two more horror stories yet to come, will they really make a difference?

I think not.

ABOUT RONALD ENNIK

Ronald Ennik is the founder and CEO of Ennik Estates.

- Is the 'sweet spot' for home buying now upon us? - 25 Jan 2019
- Has 10 years of zero growth damaged fundamental belief in property? - 22 Oct 2018
- Pricing a property is not an exact science - 15 Oct 2018
- How to increase the value of your home without overcapitalising - 31 Aug 2018
- How 'dominant agent syndrome' poses a threat to sales values in an area - 23 Aug 2018

[View my profile and articles...](#)

For more, visit: <https://www.bizcommunity.com>