

What you need to know when you buy off-plan

As with any large financial investment, there are potential drawbacks buyers need to be aware of when buying a property off-plan.



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“Buying off-plan is especially attractive to first-time buyers as there’s no transfer duty (VAT’s included in the price) and most people struggle to save up the deposit to purchase a home. Not having to bear this additional cost makes it considerably more affordable,” explains Bruce Swain, MD of Leapfrog Property Group, “That being said, as with any property purchase, I would caution buyers to do their homework about the developer, the builder and to read the fine print as it is possible to buy a lemon – albeit a brand new one.”

Checklist for buying off-plan

The reputation of the developer and or builder

“The first thing I’d recommend buyers look into is the developer’s track record – has the company successfully completed previous projects? Have they done so in a timely fashion? Is the developer and the builder the same person or company? If not, then look into the builder’s work as well,” advises Swain.

When looking into the reputation of the developers and builders involved, buyers are advised to establish whether they are registered with either Master Builders South Africa or the National Home Builders Registration Council.

Inspect the demo model

Swain continues to indicate that it’s important to inspect a demo unit as artistic renders and sketches don’t necessarily translate into real life – spending time going through the model property will enable buyers to expect the quality of the workmanship and materials in person.

Stay on top of the building process

“It’s critical to enquire about the materials that will be used in a buyer’s property as it may differ from the demo model’s in some respects. Buyers also need to take note that the majority of building agreements will allow the developer to deviate

from the plans by between 5% and 10% without having to consult the buyer. If buyers don't stay on top of the building process they could well find themselves with a property that's different to their specifications in a number of ways," cautions Swain.

Read the fine print

Smith Tabata Buchanan Boyes explains that when purchasing a stand in a sectional title or estate development, the standard contract provides that the landowner needs to erect their property within a stipulated period, failing which the homeowner's association (HOA) may impose a penalty. "This ensures that the development reaches its investment value within anticipated time frames and safeguards other owners from the implications of continuous building operations. The period generally ranges from one to five years."

"It's also important that buyers check the building contract carefully to see exactly what materials, fittings etc., are included in the specifications and what would be regarded as extras which will cost extra. Communal facilities need to be clearly identified as well as rules and costs regarding pets, landscaping, security etc.," believes Swain.

"Finally, the contract also needs to include a date by which buyers can take occupation of the property, specifying that the buyer will be entitled to cancel said contract should the home not be ready in time, allowing the buyer to be reimbursed for all monies spent thus far, including the deposit and progress payments made to the builder."

Buying a brand new home has several benefits, permitted that buyers heed the steps above and do their homework before signing on the dotted line.

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