

Why it's possible to become a property mogul in any economic climate

The economic climate should never deter buyers from investing in the property market, says Adrian Goslett, regional director and CEO of RE/MAX of Southern Africa.



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In the words of renowned international motivational keynote speaker and author Sphiwe Moyo, during these tough times, you can either look out the window and be overwhelmed by what is happening in the external environment, or you can choose to focus on yourself and ask what it is that you can do to increase your own personal performance despite the current economic environment. One of the easiest ways of achieving this is to invest in an asset that has proven to yield high returns across the ages.

“Before the 20th century, wealth was determined almost entirely by the number of properties in one’s portfolio. Since then, technology and innovation has afforded other means of investments, but none more stable than property. In the words of one of our own broker/owners, Kobie Potgieter: ‘People have been investing in property for centuries. And, for centuries, millionaires have been made’. Quite simply, property investment has and will always be the safest investment a person can make,” explains Goslett.

Make a calculated property investment

Though your rate of return might fluctuate depending on the economic and political environment, a calculated property investment will always return a profit. Speaking at the My City Talk 2018, Potgieter explained how, starting out with nothing but student debt behind her name, property investments helped her grow into both owning a large and profitable portfolio of properties as well as the RE/MAX Independent Properties office in Port Elizabeth.

Potgieter invested in her first property in a less than ideal market, purchasing in 1997 when interest rates were at 24%. Goslett reminds homeowners that, at the current 10% interest rate, we're actually in a much better market than at earlier stages in our country's history.

But, no matter the economic climate, anybody who works hard and smart will make a profit if they make the right investments. "We can't wait for government. We can't wait for anyone. If we want to make it work, we have to make it work ourselves," Potgieter explains.

"If you're serious about your finances and your future, then you need to make it your job to know what is happening in the area you've chosen to invest in. I would advise against investing anywhere other than in the areas about which you are well informed."

Sectional titles investments

Secondly, Potgieter advises that small sectional titles without gardens to maintain will provide the greatest means of return. "You want to keep your costs as low as possible because the lower the cost, the higher the return. That is why smaller properties give you a better yield. A good yield in the first year can be anything between 7-9%."

Lastly, Potgieter suggests that as long as you choose to invest in the correct location, you will always be able to find a tenant. Properties near to gyms, schools, hospitals and churches never remain vacant for long.

"The truth is, it will always be a good time to invest in property. If you want to make sure you're securing the safest investment, then involve a property expert who can help you identify the most profitable properties in your region," Goslett concludes.

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