

Purchasing a house vs apartment - which is the better investment?

By [Mike Greeff](#)

30 Oct 2019

If you are considering buying your first investment property, you might be wondering what makes a better investment, a house or an apartment? The answer to that question depends on a combination of factors.



© Andriy Popov – [123RF.com](#)

Investing in real estate is always a wise decision. There are very good returns to be made on both options provided you know the purpose of the purchase. Is this your starter home? Are you buying to let? Are you thinking about an Airbnb service? Before looking for a house or an apartment, decide what works best for you, then call an expert. A good agent from a reputable agency will be able to guide you through the process and will help you find your perfect fit. Current market conditions mean that buyers have more options available to them and have a bit more room to negotiate.

Considering space requirements

The first point that one would have to consider is the amount of space that you actually need. The answer to that would depend on your personal circumstances. Are you a couple that has just started out a journey together? Or are you the average family with two kids and a pet? The single buyer will more often than not choose an apartment - single bedroom, open-plan and representative of their personality. The single budget is slightly limited which often leads to a single person's first apartment eventually becoming their income generator or deposit on the home of their dreams.

Another selling point for apartment buyers is the access to common facilities within the complex. Apartment blocks usually comprise common areas for residents including, pools, laundry rooms and braai facilities. Apartment buyers also benefit from not being solely responsible for maintenance and repairs. A body corporate will usually take care of those issues according to their rules, in accordance with the Sectional Titles Act.

Prioritising needs

A couple or family's decisions tend toward collective levels of convenience, as well as common amenities. Space

requirements are also a collective decision based on their needs, hobbies and lifestyle. Families tend to pick houses around the priority needs of specific members of the family. Schools, amenities, shopping and extra-mural activities are deciding factors along with the property's proximity to work or major motorways. Houses traditionally have better appreciation margins in terms of value due to the fact that they occupy physical land which also adds value to the property. Additions and alterations to the property also add to the value and could result in a larger profit margin down the line.

At the end of the day, the only things that matters to a buyer are; the value of their investment, as well as the speed and consistency at which the investment delivers returns. The only way to truly understand the appreciation margins of property would be to consult an expert. A reputable agent will be able to unpack the historic growth of an area as well as offer insight into current selling prices of similar properties. This will give you a clear picture of what your returns could be as well as realistic listing prices of houses and apartments.

ABOUT THE AUTHOR

Mike Greeff, CEO of Greeff Christie's International Real Estate

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