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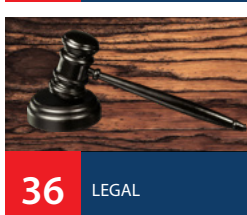
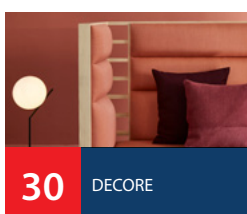
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How a weak economy and failure can create positive change

The current bad news stream coming in South Africa is not good for investors wanting to invest locally whether in real estate or business. Continued problems with Eskom not being able to deliver a stable electricity supply, in addition to other failing State-Owned Entities (SOE's) such as SAA, Transnet and SABC. Unemployment is at an all-time high and proposals of more regulations such as expropriation without compensation (EWC) to be controlled by the state is collectively having a devastating effect on investor and business confidence in SA.

The government's plan to introduce the Expropriation without compensation (EWC) Bill is unnecessary for land reform, dangerous to the economy, and will be disastrous for the poor says Free Market Foundation (FMF) legal policy head, Martin van Staden. The Constitution Eighteenth Amendment Bill proposes to change the Constitution to allow government to expropriate private property without being required to pay compensation.

The idea of expropriation without compensation is alien to the world of constitutional democracy. Van Staden, said, "In all open and democratic societies, compensation is always payable when property is expropriated by government. The exception is when property used to commit a crime is seized." When property is expropriated without compensation, prior ownership is denied and the dignity of the owner repudiated. The amendment would bring South Africa a step closer to a position where property owners would receive the same protection as convicted criminals do for their property: none.

According to FMF director, Temba A Nolutshungu, "Sol Plaatje, the most prominent critic of the Natives Land Act, would have rigorously opposed the proposed amendment. We are repeating history by introducing legislation reminiscent of apartheid. Plaatje must be tossing and turning in his grave in bewilderment." A telling statement indeed, education is needed as to the devastating effects this could have on the economy.

The introduction of technology into real estate and businesses will significantly change how we do business in the future. There is a global transition to digitally-driven businesses including real estate, the world of how we operate is undergoing a radical transformation. Jonathan Turner Managing Director of CBRE Excellerate, says that traditional leadership hierarchies are dissolving, and there is a tangible shift towards more 'human-centric' business and operational models. Human capital is becoming imperative as

technology accelerates the pace of business - and makes innovation the key competitive differentiator.

Price Waterhouse Coopers (PWC) predicts that Artificial Intelligence (AI) will generate up to 15% of the world's GDP by 2030 which is equivalent to \$15,7 trillion to the global economy. There are major benefits for businesses using AI including increasing customer engagement in an advisory capacity, shortening conversation cycles and reducing the time to find a resolution. It can optimise your business, enable employees and transform your products and services by staying ahead of the game.

Turner says it is a journey we need to embark on and the steps it requires.

To start the process, you need to define your vision and ensure its success, it is essential for companies to understand what the purpose of their workplace strategy is. Firstly, identify the drivers of the strategy: define the goals; and understand the user outcomes that you want to achieve (and also what the employees want to achieve).

When defining and clarifying your purpose, it is critical to understand some of the strategies that global companies are embracing. Today, these strategies are increasingly adopting pioneering property initiatives, dynamic and agile workplace cultures and advanced technology implementations.

Change management is a structured approach to shifting an organization from the current state to the envisioned future state. Workplace strategies are closely tied to cultural change, managing this process intelligently can be a make or break for the organization and its key stakeholders.

According to Turner, he says, "there can be no doubt that a smart and agile workplace strategy will be underpinned by enabling technology (including apps) to empower a digitally savvy workforce." Technology must be selected and designed to drive efficiency, productivity and ROI. Technology could be the game changer to drive a more robust, struggling and highly regulated economy.

Successful investing

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Direct your property investment question to editorial@reimag.co.za, go to our Facebook page or participate in our regular Facebook LIVE interviews to ask your questions



CARLO MARIANI
The Property Coach

Avoiding vacancies in rental properties



How do I reduce vacancies in my investment properties?

AOne of Property Investors biggest fears is a vacant property and rightly so. Vacant properties are a financial and non-financial headache (think about the risk of illegal occupation). There are 2 sets of actions to be taken, one prior to purchasing the property and the other after purchasing the property.

Before you buy an investment property

- **Become a Rental Market expert.** A great "hack" to do this is to pretend to be wanting to rent in the area; visit a few properties, talk to a lot of agent, test how negotiable rental is and estimate how long properties are staying on the market for.
- **Define your target market.** Who will you want to rent to? How sustainable and predictable is this demand for rent? What features do they need? What can they afford to pay? Too often novice investors over-capitalise their properties as a projection of what they like rather than what their tenants want and will pay for.
- **Run your numbers with a reasonable vacancy ratio.** Based on data, not rough assumptions. Don't assume that just because you have a tenant now you will always have one
- **Get a copy of the Body Corporate Rules.** Does the complex allow for pets and short-term letting? These are two big bonuses.

Finding or replacing a tenant

- **Engage at least 3 qualified and reputable letting agents at the same time.** Letting agents do not simply advertise on the most popular websites, but they also have a pool of existing tenants wanting to move as well as a network of prospective renters. Cast your net as wide as possible.
- **Make it easy for letting agents to do their work.** Provide them with quality pictures of your property and grant them easy access to it. Have you clearly communicated to them what type of tenants you will entertain applications from and what type are "no no's" for you? Don't waste their time and they will do great for you.
- **Don't start high and finish low.** Trying to get a rent higher than what your property is worth is a futile attempt; the market is too transparent, savvy and often oversupplied for you to adopt such strategy. Price the property right and if you have not received at least 1 application after ten visits, lower the price immediately. Your overall return will be better over the long-term.

If you want to get more practical tips to Fast Track Your Property Success, visit www.thepropertycoach.co.za or email carlo@thepropertycoach.co.za

**JACO GROBBELAAR**

Founder of Prosperity Enterprises

**What should we as the youth be doing to prepare for a future as real estate investors?**

The most important thing you can do is to educate yourself. The more you invest in yourself, the more you can produce. There is so much education that you can get from reading this magazine monthly. Also attend property investment seminars. Focus on seminars that focus on content.

The best exposure to property investment you can get is if you can find part-time work for a property investor or someone who sells property. You also need to understand concepts that can help you become great in property investing or selling property. Understand economics,

finance, accounting, and marketing. You don't need to study at university, you can also learn about these subjects in more informal ways.

View properties, and not just online, but go to actual viewings as well. *Formulas for Gross Rental Yield, Net Rental Yield, Shortfall Amounts, Return on Investment (ROI) and Internal Rate of Return (IRR).*

In other words, learn everything there is to know about the property investment industry. The more you know and can do, the better you'll be at property investment.

**DYLAN WALLS**

Marketing Manager Bitprop

**I am very interested in Investment property, particularly student accommodation. But My biggest frustration and stumbling block is funding. Where can I solicit financial assistance?**

Your personal loan is indeed your most pressing challenge at the moment, but If you are paying off your other loans regularly and on-time, it shouldn't be too difficult to find financing. It is never good to overburden yourself with debt, but if you have experience generating rent from your property and can receive a bit of mentorship to enhance your skills, it may be a good investment decision.

There are very few options of philanthropic organisations that invest in upgrading private property for rental. You are more likely to find help with alternative small-scale building loan providers. Have a look at

companies like iBuild Home Loans, Thuthukani or The Kuyasa Fund. Each has its own requirements and may or may not be applicable to your circumstances, given your existing loans.

A company that comes to mind that might be relevant for you is Bitprop (www.bitprop.com). They work specifically with individuals that do not have access to finance or don't have enough income to build flats on their property. For someone that has the space to build, but not the means, Bitprop secures the funding to help you build flats on your property at no initial cost to you.



MASTER INVESTOR

Disrupting real estate rentals with **Gil Sperling**

NICHOLA LOOCK



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Flow's App HERE**

Gil Sperling, a visionary and serial entrepreneur is the CEO of Flow - a proptech platform which is revolutionising how people rent and live. Sperling started his career as an engineer, and was one of three founding partners of Popimedia. A pioneering ad-tech and performance marketing in Africa. Popimedia went on to be bought by French based global communications group, Publicis, in the largest deal of its kind.

The impressive CEO considers his time with Popimedia to be his most significant personal achievement. Not only because of the impressive deal, but because he helped to build it from the ground up. Taking Popimedia from start-up and developing it into the largest ad-tech and performance marketing business in Africa.

"The whole experience showed me that when innovative spirits and pioneering are focused on a purpose-driven vision, incredible things can happen. This in large part is what drives all of us at Flow." His experiences helped to shape his next start-up, as he used the experience capital of those around him to his advantage. A variety of people, with diverse backgrounds and experiences with a shared goal is what Sperling attributes the success of Flow to.

"I am motivated to create value. Identifying the opportunity to impact people and their lives, and building the tools to make that happen."

"My Flow co-founders, Jonathan Liebmman, Daniel Levy and I come from three very different industries, yet all have key expertise in our respective fields. After exiting Popimedia, Daniel (a lawyer) and I identified opportunities in the proptech space and joined forces with Jonathan, a property disruptor and innovator. As three serial entrepreneurs looking to pioneer and drive innovation within the proptech space, Flow is the vehicle that brings our various expertise together into one offering and looks to be something that will innovate and disrupt the proptech market globally."

Flow is a South Africa proptech startup, which made headlines for receiving the biggest proptech seed investment in the country. With an impressive R20 million, with Kalon Venture Partners as the lead investor of R10 million.

The financial success of Flow is impressive, but should not overshadow their progress within the property sector, more specifically the rental sector. Flow echoes the importance of working smarter, not harder. Optimisation at every corner and a constant search for tech solutions to problems within the rental industry.

Real estate disruptor

To be a disruptor is to create a product, service, or way of doing things which displaces the existing market leaders and eventually replaces them at the helm of the sector. Disruptors are usually entrepreneurs and most importantly, idealists. Sperling's motivation to make property more accessible and to have a tangible effect on people's lives is what motivates him to keep innovating.

"I am motivated to create value. Identifying the opportunity to impact people and their lives, and building the tools to make that happen. There's so much potential and opportunity for the property industry when it comes to innovation through technology. There is so much value to unlock for everyone in the ecosystem and the impact can be huge because housing is a basic human need."

PROFILE

Position: CEO and Co-founder

Company: Flow

Years company has operated: 13 months

Age: 35 years old

Marital Status/Family: Married, father

Education: B.Sc Electrical engineering

Books you are currently reading:

Matchmakers by David S. Evans and Richard L. Schmalensee (brilliant read and very relevant for the supply/demand of the property industry)

Who do you consider to be your most important mentors/role models? Elon Musk is a constant inspiration of someone who has a huge, clear vision & executes it with precision & clarity.

What is your life motto? Work hard. Play hard.

What would you still like to achieve? For Flow to be the household rental brand. For tenants and landlords to have the most seamless end-to-end experience for renting and living - which impacts their life and gets them into flow.

As a disruptor in the proptech industry, Sperling understands that innovation for the sake of progress is meaningless. Understanding the shortcomings of the sector, coupled with tech-based solutions is the only way innovation can become disruption. By also understanding the importance of the real estate sector within the economy, Sperling is eager to see transformation.

"The property industry, locally and globally, is one of the least progressed verticals, technologically making it an



LEFT TO RIGHT: JONATHAN LIEBMANN, GIL SPERLING AND DANIEL LEVY CO-FOUNDERS OF FLOW

industry ripe for disruption and innovation. It is also the most valuable asset class in the world and therefore holds the most value to be unlocked."

"The property industry, locally and globally, is one of the least progressed verticals technologically making it an industry ripe for disruption and innovation."

According to Sperling, the first step in being a disruptor is a shift in mindset. By challenging the status quo and thinking critically. This means you must first understand the status quo, in order to challenge it. While disruptors are usually labelled as outsiders of the sector which they are impacting, Sperling

proves that disruption is most potent when it happens from the inside.

"From the vantage point that I have, understanding efficiencies and having a tech, innovation and scaling mindset (and more so, how to apply this all within the proptech space) is something very valuable now on my proptech journey."

Proptech pioneer

"We're a platform approach to drive innovation within the proptech space – we're not looking to disintermediate anyone. Our focus is on putting things together in an optimal way using technology, which will provide the most innovation and value for everyone overall."

The shift towards tech-based solutions reflects the global shift towards higher client satisfaction. Creating a platform for landlords and tenants to get the most out of their relationship, reflects the change in lifestyles, the global reliance on technology and the need for transparency.

"There's a massive paradigm shift in how people should rent which is inspired and driven by their lifestyle choices, and is something proptech could and should leverage big time. People are used to being connected all the time and transacting digitally, in real-time; and they want transparency in their dealings with companies (including their landlords)."

"There's a massive paradigm shift in how people should rent, which is inspired and driven by their lifestyle choices, and is something proptech could and should leverage big time."

Advancements in tech, the growing need for connections and transparency, as well as a current shift to renting as opposed to buy real estate are some of the key factors which inspired the creation of Flow. "Through scaling with technology and economies of scale, we can revolutionise the economics of rent, providing a more seamless, end-to-end experience and unlock value to tenants and landlords."

Sperling's goal is for Flow to be the household brand for rent. "For tenants and landlords to have the most seamless end-to-end experience for renting and living - which impacts their life and gets them into flow."

As opposed to other tech companies, Flow has seen a gap in the market and is largely focused on a very specific

INVESTMENT TIPS

1. **Get ahead of the curve & integrate technology into your property portfolio.**
2. **Look at how to introduce sustainable elements into your portfolio like solar geysers & water tanks.**
3. **Consider locations that have strong mixed-use dynamics that combine working, shopping & living.**
4. **When buying into sectional titles ensure you analyse body corporate financials carefully.**
5. **Look at investing into micro apartment schemes that have small units which produce higher rental yields.**
6. **Speak to local security associations before you invest to get a sense of crime trends in the neighborhood.**
7. **Select locations that are close to high density work nodes and public transport to attract tenants looking for shorter commutes.**
8. **Have tenant engagement strategy that will retain your tenant and encourage good behaviors - use Flow!**

subset of people: millennial residential property renters. Flow aims to have a massive focus on "Generation Rent". By improving the rental market for everyone in South Africa, most importantly tenants and landlords, this should, in turn, have a positive knock-on effect on the economy at large.

When speaking about the future of prop tech and more specifically Flow, Sperlings says: "Keep an eye on our social media channels and in the media, we have a lot on the cards for 2020 - particularly when it comes to the end-to-end rental journey."



**Don't miss Neale Petersen's exclusive interview on REITV with
GIL SPERLING, CEO and Co-founder of Flow**



Disrupt & transform

The impact of Blockchain on the real estate industry

SIDIMA MFEKU & CAREL DE JAGER



The real estate sector is vast, and in the evolving times of digitalisation, it is becoming more diverse and digitally transformed. The property sector has been making use of tech systems and software that will advance the industry, benefiting investors and society at large.

The use of technology by key role players in the sector is what is set to change the real estate sector. A sentiment echoed by Deloitte Digital CEO, Peter Williams that “Real estate agents will not be replaced by technology but by agents with technology,” as technology is ready and set for the willing hand to use.

Blockchain

Of the many tech trends within the real estate sector, blockchain has had the most polarizing effects. Explained by Blockchain Academy (Pty) Ltd Consultant, Carel de Jager, as a new and opaque tech trend that is often abused and sometimes leads to confusion in terms of the technology's abilities and limitations.

“On a high level, it is a decentralised, immutable digital database to which information can be added only if certain pre-set conditions are met. These conditions, or rules, are transparent and set in stone. Some clever cryptography allows for every participant to be in agreement about the data that makes up a blockchain, with even its greatest cynics acknowledging this fact,” says de Jager.

“In its essence, a blockchain allows people to embed trust inside software. By using smart contracts, absolute trust can be artificially created between two parties, which will allow them to interact with each other in ways never seen before. When trust is unequivocal and free, any form of middleman becomes redundant. The most obvious use cases of this resource include peer-to-peer digital transacting,” he adds.

Blockchain in residential property

In South Africa, the property sector has been making use of different tech trends to grow the different industries within the sector. It has been recently announced that The Centre for Affordable Housing Finance in Africa (CAHF), research consultancy 71point4 and Seso Global have worked together in bringing one of these trends to the residential property sector, for the general South Africans to benefit, while assisting the South African government carrying out a reliable housing department in Cape Town, in the Western Cape. The companies have partnered to develop South Africa's first blockchain-based property register.

The project has been described by the team that initiated it as the first of its kind, and a project set to bear information about the rightful owners of the 1 000 properties in Makhaza township, Cape Town.

“This will be the first working example of a blockchain-based property registry in South Africa. For the time being, property owners will record these transactions at the Transaction Support Centre, a walk-in housing advice office created by CAHF and 71point4 located in the area. But over time, we will record transactions through the Seso app,” CEO of SESO Global, Daniel Bloch.

According to Bosch, the benefit of the blockchain solution is that it allows the data to be stored in a decentralised, secure database that can be updated without any loss of

historic data. This means there is a secure, back-to-back record of all transactions that is completely tamper-proof. Eventually the vision would be to integrate this record into the Deeds Registry when other impediments to transfer have been removed.

De Jager, the blockchain expert and consultant at Blockchain Academy (Pty) Ltd thinks that an optimal blockchain property registry such as this means that there can be no dispute as to who owns the property.

“Ownership is recorded on an immutable database and conveyancing will not require lawyers and other middlemen. A smart contract on a blockchain is also optimal for supporting other types of automation, like the paying of subsidies, rent and bonds,” He says.

“Real estate agents will not be replaced by technology but by agents with technology,” as technology is ready and set for the willing hand to use.”

The challenges

De Jager believes that there still are some minor challenges that could be faced pertaining to the use of Blockchain technology in such projects but also provides ideas on how these challenges could be countered, challenges such as regulatory support and data correction.

“Since blockchain technology has the ability to enable true peer-to-peer trading of assets, there should be no need for agents, lawyers and government. A complete overhaul of South Africa's land registry would require such a major mindset change that it seems unlikely under our current bureaucratic regime.”

“Another challenge is correction of data. A permanent, tamperproof dataset is a ground-breaking invention, but it has serious consequences should a legitimate historic change actually be needed. If someone loses his / her proof of ownership, it might be impossible to recover. Some complicated social engineering methodologies would be required to overcome this,” He adds.

South Africa has a serious titling problem, and according to the Centre for Affordable Housing Finance Africa (CAHF), of the more than three billion houses built by the South African government since post 1994, only 1.9 million of these are have been registered.

CAHF CEO, Kecia Rust says “The National Department of Human Settlements, Water and Sanitation (NDHWS)

estimates that the title deed backlog for RDP properties built prior to 2014 currently stands at 511 752. These properties were given to beneficiaries, but no title deeds were registered and handed over. At the same time, there is a backlog of 351 470 title deeds on newer properties."

"In its essence, a blockchain allows people to embed trust inside software. By using smart contracts, absolute trust can be artificially created between two parties"

It is brilliant to see South Africa leading the way with tech trends, especially in a way that will benefit the entire country and make the lives of the unfortunate better. Perhaps it is the way to complete freedom for the country and the entire Universe.

"Overall, this pilot project is an excellent initiative. It is well known that our deeds registry suffers from slow conveyance, high transaction costs, legal inconsistencies and fraud. All of these can be removed with blockchain technology. But perhaps the biggest advantage of blockchains are that they intrinsically remove barriers to entry. It has the ability to open the industry to anyone who is interested, regardless of race, religion, age or social class," says de Jager.

Conveyancing in the property sector

It's all about trust. Several lawyers work with government, agents and bankers to ultimately achieve one goal which is to provide trust that the asset is indeed removed from the seller's name and registered in the buyer's name in return for a payment.

"The fact that so many humans are responsible for maintaining this trust creates many side-effects, including illiquid conveyance, slow price discovery, opaque due diligence, high transaction costs, legal inconsistencies and fraud," says de Jager.

"Replacing trust in humans with smart contracts will enable instant conveyance. These contracts can even validate FICA / AML requirements,

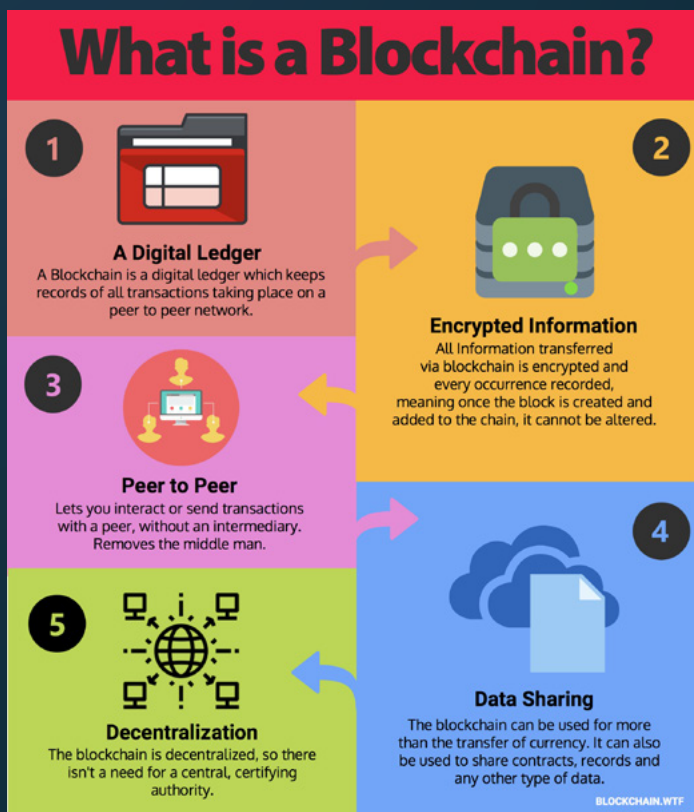
provide escrow services or call a human for dispute resolutions during a black swan event. It is impossible to hack / cheat and the best of all is that they are free. This can enable seriously complicated real-estate commerce. Properties might have thousands of owners with a democratic, transparent governance system," adds de Jager.

Blockchain technology is still new and de Jager believes that there is still a long way to go for it to reach its full potential. But there are certain use-cases which investors can utilise now already. The first and most obvious is payments. Using cryptocurrency as means of payment is perfectly legal and it has many advantages, especially when dealing with foreign currency. There are virtually no transaction fees and it settles immediately. Simple smart contracts can also be used to store paper contracts, manage rental payments.

SOURCES Blockchain Academy, SESO Global, CAHF



CAREL DE JAGER De Jager facilitates a wide range of blockchain related training courses and presentations. He also delivers customised, industry-specific training to audiences of various levels.



COMPLETED APARTMENTS

On Show



Your new home awaits

An apartment at One on Whiteley positions you next door to South Africa's first new 5-star Marriott hotel, which opens 1 March 2020.

What's more, your apartment sits above Daytona, home to top international motoring brands like Rolls-Royce, Pagani, Aston Martin, and McLaren.

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All About Property

Get the most out of your home

Property enthusiasts, Cornelius Koopman and Sylvia Milosevic, interview some of SA's top real estate experts for the best home buying and selling advice and insights, as well as helping you to understand what opportunities are on offer in the market.

Wednesdays 20:30


thehomechannel
DStv Channel 176



RESIDENTIAL



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Introducing One on Whiteley

An excellent investment opportunity in the heart of Melrose Arch. This development offers incomparable urban living within SA's most prestigious mixed-use precinct.



28

How to resolve tenant-landlord disputes

Disputes regarding utility payments are one of the biggest causes of conflict between tenants and landlords, here is how prepaid metering can work for the consumer.



30

Décor trends for a new decade

It's 2020, the time to think about upgrading your property to reflect the new decade. Here's how outdated interior designs can be improved with low-costing enhancements.

TOP TRENDING FOR RESIDENTIAL ONLINE

Visit www.reimag.co.za for the latest updates online.



Shaking up the SA home loans industry

Time and money are precious commodities that everyone wish would be prioritised in any instance. mortgage market promises to change the slow home loan application process.



Legal protection, why estate agents and mandates matter to sellers and buyers

The benefits of dealing with a qualified and registered estate agent is the protection and legal recourse that this certificate offers; the Fidelity Fund Certificate.



Hold onto your homeloan

Only a small percentage of buyers can afford to pay cash for their homes and closing the home loan account completely is not the best course of action.



Presenting One on Whiteley

*An excellent investment opportunity at
Melrose Arch*

One on Whiteley is the latest residential development by the Amdec Group, South Africa's leading developer of New Urban lifestyles. Located within the heart of Melrose Arch, this recently completed development offers incomparable urban living ideal for young professionals, first time buyers, corporate business travelers, and property investors.

One on Whiteley houses 241 luxury residential apartments spanning 8 floors, built around a private courtyard with indigenous landscaping, sundeck, and heated swimming pool. The development sits above the exclusive Daytona motor dealership - home to Pagani, Rolls Royce, McLaren, and Aston Martin - and stands adjacent to South Africa's first new 5-star Marriott Hotel, which opens in March 2020.

Apartments have been built to the highest possible standard, and come complete with upmarket finishes,

Caesarstone counter-tops, and integrated SMEG appliances. Additional features include energy efficient LED lighting, full backup generator power, strict access control and CCTV, fibre-to-the-home, and ample secure undercover parking.

Compelling investment

Melrose Arch sets the gold standard for mixed-use developments. This iconic award-winning precinct occupies a prime location within Johannesburg's affluent northern suburbs - making it both highly visible and easily accessible - and its pedestrianised new urban design framework delivers convenience, connectivity, security, and efficiency to the many people who choose to live, work, and play there.

Contrary to current market conditions, rental returns at Melrose Arch are impressive when compared to other luxury property nodes in Johannesburg. This unique New Urban development has cornered the market in terms of long-term capital growth,

superior appreciation prospects, and robust rental returns. Apartments at Melrose Arch have traditionally proven very popular with high-end, executive, blue-chip tenants.

An investment in One on Whiteley boosts the value of a property portfolio, while offsetting conventional risk within its asset class. The favourable mixed-use credentials have created unparalleled demand from buy-to-let investors.

The value of your investment over time is further strengthened by the fact that Melrose Arch is privately owned and operated by the Amdec Group, who have a 30 year track record in the delivery of large-scale mixed-use precincts, inclusionary housing developments, retirement villages, and secure lifestyle estates throughout South Africa, the USA and United Kingdom.



Luxury apartments at One on Whiteley

Desirable lifestyle

Investing in One on Whiteley represents a valuable real estate asset that would enhance any portfolio, but it also signifies an investment in an exceptional lifestyle within Johannesburg's safest public access precinct.

Owning an apartment at One on Whiteley gives you access to the many lifestyle benefits associated with a world-class mixed-use precinct: the convenience of having all your daily needs met within walking distance of your home; the sense of well-being that comes from living in a supremely safe and secure environment; the social enjoyment that derives from the many hotels, restaurants, cocktail bars and coffee shops on your doorstep; and all the health benefits that accrue from living in a fully walkable precinct that also houses some of South Africa's top health, beauty, sport and fitness clubs.

Reap the rewards now

With limited late release stock available of one- and two-bedroomed apartments, priced from R2.5million, we invite you to invest now and reap the rewards of this exceptional investment opportunity.

For more information, or to book a viewing, please contact Tersia Taljaard on 087 897-0222, email tersiat@amdec.co.za, or visit www.oneonwhiteley.co.za



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KEY BENEFITS

1. One on Whiteley is located within Melrose Arch, South Africa's most prestigious mixed-use precinct
2. It sits adjacent to South Africa's first new 5-star Marriott branded Hotel
3. Melrose Arch is considered to be the safest public access precinct in Johannesburg
4. Apartments available for immediate occupation
5. Key features include:
 - Landscaped gardens
 - Private courtyard
 - Heated outdoor pool
 - Sun deck
 - Secure underground parking
 - Spectacular views
 - SMEG appliances
 - Caesarstone tops
 - Energy efficient LED lighting
 - Fibre-to-the-home
 - Chilled treated air system
 - Back-up generator power
 - CCTV
 - Access control

SOURCE Amdec Group

Digitising real estate



The 2020 Real Estate Summit hosted in Cape Town at the end of February, and in Johannesburg at the beginning of March, focused on an incredibly important part of the real estate market – digitalisation.

The impact of technology on the South African, and global, real estate industry and how this is set to evolve over the next year. For most industries, technology heralds disruption and change and the real estate industry is no exception. From augmented reality home tours to digital estate agents, the ways in which investors and tenants and owners engage with the real estate market are changing.

“Change is the one constant in the market,” says Michael Franze, Managing Director, Citiq Prepaid. “It is the one thing that everyone can count on. It also doesn’t mean that things are changing for the worse, it can represent opportunity. An opportunity to relook how any given property approaches its customers and manages its services. The truth is that the tenant of today, be they commercial or consumer, wants more than just old systems that don’t put their positive experiences at the heart of their engagements. It’s a tenant’s market and they will just leave if nobody is listening.”

One of the biggest trends that has emerged alongside

digitalisation is the need for transparency. From one scandal to the next, transparency has become a commodity that can be used by the real estate market to bolster its proposition and engage with its customers. This is one of the reasons why sub-metering within the utility space has become so popular – be it water or electricity, sub-metering gives control back to both the tenant and the real estate owner or manager.

“With the right partner and sub-metering platform, any commercial or residential building can transform how it manages spend, customers and administration,” says Franze. “Citiq Prepaid has an online portal that provides accessible reporting solutions to both tenant and owner. The reports are tailored to the specific market and offer insights that were previously unavailable from one shared meter and system.”

Sub-metering systems not only improve transparency but they are on time every month which minimises any unexpected impact on budgets, and they can be used to measure return on investment for both commercial property owner and tenant. This is just one part of how sub-metering can be used to shift the tenant-real estate owner dynamic and to leverage digitalisation to achieve more, with less. The future is here, it’s time to install it.

SOURCE Citiq Prepaid



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Impact investing with financial returns



URBIKA ESTATE IMAGE BY SIMILAN PROPERTIES

Investing in real estate is often done with financial returns in mind. But in a developing country like South Africa, investing with a social impact as the main driver is important now more than ever. Investors focused on contributing to growth in society socially and environmentally does not mean you have to sacrifice returns on investment.

Impact investing

According to CEO of Similan properties, Harold Spies: "Impact investing is a growing global phenomenon which refers to investments made into companies, organizations, and funds with the intention to generate a measurable, beneficial social or environmental impact alongside a financial return. Companies and investors realise the importance and absolute need for impact investments while making a return."

Affordable accommodation

Investing in affordable housing for the benefit of the growing middle-class market is also deemed another form of impact investing, especially in cases where the investment decision is made based on the social living conditions of the target market. Property entrepreneur and Group CEO of Similan properties, Harold Spies believes that investing for a good cause could assist in making South Africa the best country it has ever been.

"A lack of quality and affordable housing is one of the most pertinent legacies of apartheid. One only has to drive close to any city or town in South Africa to see the need for better homes. Investing in housing moves South Africa forward, but also has the potential to show measurable environmental and social impact," says Spies.

Venturing into the residential property sector not only comes in handy for the general public or persons seeking places to stay, but makes great long-term financial returns for investors too. It is financially rewarding especially if an investor has chosen the correct investment model or form of investment. For instance, investing in affordable accommodation in the form of a Built-to-rent (BTR) asset is not a short term, high yield investment, it's the other way around.

Built-to-rent

"BTR investors are those looking for a long-term investment vehicle that produces consistent inflation-beating operating returns, if managed well, and good capital growth if the correct location is selected for the asset in the first place," says Spies.

"The returns are closely linked to the effective operation of the asset, the relationship management of the tenant base and the community that is established over time, creating a desirability for clients to live there, stay for longer periods and receive value in exchange for annual rent escalations (with limited surprises), resulting in income and capital growth for the investor," adds Spies.

In many success stories the concept of enduring always arise, signifying the importance of staying put to the ultimate goal. It is very hard to establish effective operation of the property with regular ownership changes or "under new management" signs on the door. Therefore, the intention to be in it for the long run is a requirement for a BTR success story.

SUCCESSFUL AFFORDABLE

ACCOMMODATION INVESTMENT

LOCATION

The location is a major determining factor. Great locations are where the people are, close to schools, work, public transport, social and other public amenities.

DESIGN

Design is also critically important. The purpose of the home, whether it is built to rent or to be sold, and the best design to provide a quality home to fit this purpose in the most cost-effective way is key.

OPERATIONAL COSTS

Each element in the design has the opportunity to influence the ongoing operational cost but it does provide opportunities to innovate on an ongoing basis

DEVELOPMENTAL COSTS

it is important for developers to look at every opportunity to lower the ongoing cost of the homes developed for the middle-income group market. Developers can have great results from enrolling their developments with entities that certify their reduction in energy and water use

Investing in the affordable housing sector in South Africa in the form of BTR has room for financial growth for dedicated investors, especially if property owners pay attention to the design and the layout of their properties. South Africa is way ahead of the global urbanisation trend and therein lies a fantastic opportunity to create and shape quality housing for the emerging middle-class market. This is a sentiment shared by Harold Spies who has expertise in the affordable housing sector.

"A lack of quality and affordable housing is one of the most pertinent legacies of apartheid."

"I am an avid supporter of purposefully designed and developed rental housing or BTR. I believe that rental housing offers the opportunity to have a measurable impact in the long run the economic, social and environmental impact of rental housing. We have a responsibility as developers and investors to create accommodation for the affordable market that considers building material, recycling, energy saving infrastructure and water harvesting, all whilst keeping it affordable and attractive for a long-term rental stay. One such development is our Urbika Estate in Boksburg," says Spies.

There are a couple of factors that need to be adhered to in order to develop enticing accommodation, as far as the layout and structure of the development is concerned. These factors also impact both the affordability of homes and the ultimate success of housing developments. It takes a layered approach which includes attention to the Location design, developmental and operational costs.

Even though impact investing might not be seen by many as a sustainable investment venture, it adds value to an investor's financial growth. It just requires investors to fix their eyes on the prize, which is double sided. It benefits the investor and leaves the society in peace. Investors need to be critical about many things prior to deciding whether or not to invest in this market. Similan advises their clients not to develop or invest in marginal sites. Furthermore, the middle-income group is very vulnerable to cost increases which is why it is important to look at every opportunity to lower the ongoing cost of the homes developed for this market.

"Design is as critically important as the location of the development. We take a long-term view when it comes to design and development. It is especially important to be cognisant of operational costs when developing built-to-rent opportunities," concludes Spies.

SOURCE Similan properties



HAROLD SPIES Spies founded Similan 10 years ago, because he wanted to contribute to the way that homes are designed, developed and sold in SA.

Young professionals change the housing market

Co-living to co-working

GRANT SMEE



Apart from living with the parents and relatives, whom you have to tolerate because they are family, co-living can be quite an inconvenience. But what can a young professional do, when their goals of owning a car and probably a house to their name are being deconstructed?

It's quite obvious that young people often enjoy the financial benefits that come with sharing the rent and space in bigger and fancy apartments more than anything when it comes to co-living.

Signing up for a bond and making a purchase on a sizable house in the suburbs is no longer considered an entry into adulthood. As a number of young professionals migrate to urban hubs and city centres, many are choosing to live a simpler life in the form of shared housing.

According to entrepreneur and property investor, Grant Smee, housing cooperatives or co-living, multi-purpose developments and micro living are global trends that South Africans are now enjoying as real estate companies and property investors capitalize on the opportunity.

“The urban dictionary describes co-living as ‘shared-housing designed to support a purpose-driven life.’”

As many young South Africans continue to enter the skilled labour market and seek to move out of their family homes, they are met with a demographic-specific property shortage.

“Young professionals are driving the affordable housing market nationwide, and due to their preference for ‘lock-up-and-go’ units, they are the property developers dream,” Smee said.

According to the 2019 Deloitte Global Millennial Survey, 57% of the people surveyed said that travel and seeing the world was at the top of their priority list, while less than half of them wanted be homeowners.

Co-working & co-living

The Urban Dictionary describes co-living as ‘shared-housing designed to support a purpose-driven life. A modern, urban lifestyle that values openness, sharing, and collaboration.

“Many nomadic professionals have embraced co-working in rental office spaces and the concept of co-living and sharing has quickly evolved from this. This form of living and working has made it possible for people to travel, live and work in a way that is more affordable,” says Smee.

Differences and benefits

For many the priority doesn't lie in the space they live and work in but more in living and working together with like-minded individuals on the same property.

“The migration to be closer to urban hubs also provides economic benefits such as cutting transport and living costs,” He said.

Businesses like Cape Town Cribbs offer co-living houses which brings with it its own sustainable lifestyle through the sharing of and efficient use of resources and space.

“Co-living can consist of residents who rent beautifully furnished private bedrooms and sometimes a bathroom but share kitchens and other rooms and amenities,” Smee explains.

The all-rounder multi-purpose development
People living in multi-purpose developments have everything they need within walking distance. These developments provide residents living areas that are integrated with their work, home, shopping, transportation and green spaces.

“With the rapid expansion in urban centres, new solutions bring rise to space-saving building concepts. City planners are no longer able to design a stand-alone office or residential building which makes multi-purpose developments a welcomed solution,” says Smee.

HOMii Lifestyle recently launched a fully-fledged multi-purpose development in Fox Street, Johannesburg and is currently completing a building in Dr Pixley Kaseme (West) Street in Durban.

“The development provides tenants with the opportunity to network and collaborate with like-minded people. It offers them rental flexibility and cost effectiveness as the place is fully furnished. It is secure and comes with free WiFi,” Smee adds.

All about the location in micro-living

Micro-living apartments accommodate residents whose priority is the location above space and square meterage. It's generally in close proximity to the city centre and is close enough to walk, bike or rely on public transport.

“A micro-apartment usually has one bedroom, one bathroom and has space-saving features which encourage minimalist living,” He said.

Cape Town will soon receive a new micro-living apartment development. The development will offer different apartment types and feature communal recreational spaces, shops, a food court, laundromat, heated swimming pool and more. It will have a new conceptual design known as integrated living solutions.

These concepts are massively impacting the real estate sector, and greatly assist in the improvement of lives of the people. They aid competition amongst property developers, as co-living and co-working spaces are becoming widespread in the sector. This is business! The constant relocations from one development to high quality co-living and co-working spaces as a result of low-quality residences is harmful to business for developers. The competition results in the creation of high-quality residences for everyone. The invention of co-working and living spaces inversely adds onto the improvement of the sector in general.



How our clients earn **18%-21% p/a** Secure Fixed Asset-Backed Investing

Vision of inspiring change

With the funding of residential projects in South Africa to a market value of over R 400 Million our offerings embody the elements for a financial investment disruption. **Secure structures** to **protect** our client's capital, **high fixed** annual returns with fixed **asset-backed** security.

Borne largely out of necessity, there currently seems to be a fundamental shift in investment behaviour and consumer attitude towards investments. Nick Morgan, Managing Director of Opportunity Private Capital shares this sentiment "Our private wealth vehicle has **flexibility** in timeframes of 3 - 36 months to complement the fast-changing financial environment. Our clients lead the way into a new era of transparent investing and we attract investors who possess insight into this change. Our clients understand high return, high security investing".

For a sustained period through market cycles Opportunity Private Capital has been performing exceptionally well for its clients who have **been realising fixed returns ranging between 18% - 21% per annum**. "We believe that our client investment retention rate of 82% is evidence of their satisfaction" Morgan goes on to say.

Actual Example

He cites an **Actual Example** of a client who invested an amount of R 358 000 at fixed annual return of 21%. The inception of the investment was 27th May 2015 and at the end of the period, almost 2 years later on 23 May 2017, they exited with R 508 000.

Opportunity Private Capital

R 358 000

R 508 360

2 YEARS

Investor Mindset

With investments, the Company encourages their clients to have a probing mindset, to seek transparency in understanding investing and always ask themselves the important question:

'In a market downturn or crash, is there any security for my investment?'

Track Record



R 121 706 114
Private Capital
Invested



R 402 000 000
Total Projects
Value

Our Objective

The objective is to constantly provide high fixed annual returns to our clients using real estate (property) developments as the underlying security and investment vehicle.

Our investment opportunities undergo stringent risk analysis before being considered. Once structured, clients participate in the financing of projects. The investment analysis team draw on their experience in the disciplines of investment structuring, property development, project acquisitions, development structuring and development funding to comprehensively examine investment viability. **The rates of return and estimated investment time periods are pre-determined so that our clients can have a degree of predictability about how their investment will perform.**

Benefits to our Clients

Morgan takes a moment to explain the benefits hereof to their clients which include, **High fixed annual returns**, **Capital protection** with their double-tier security structure, **Risk mitigation**, by undertaking projects located in high demand areas of urban metropolises, **Consistent company performance**, **Flexibility** in offering short & longer-term investment options and **Predictability** as the rates of return and investment periods are pre-determined.

Opportunity Private Capital

This private investment company located in Cape Town was founded in 2006. For nearly 14 years they have been providing structured and secure capital investment opportunities whereby private investors finance real estate residential projects. Morgan concludes, "Our high yielding investment products offer formidable returns. The foundation of our investments is the security given to clients through capital assets and we do not compromise on this as a funds-preservation mechanism. **In times of uncertainty our fixed returns provide consistency and predictability.**"



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Strategic property investment

Use borrowed capital to make great financial returns

What is the meaning of leverage?

Leverage results from using borrowed capital as a funding source when investing to expand your asset base and generate returns on risk capital. Leverage is an investment strategy of using borrowed money. It's the use of various financial instruments or borrowed capital to increase the potential return of an investment.

Assuming the same 5% rate of appreciation, the buyer's net worth from the purchase on an all-cash R500,000 purchase, the property would increase by R25,000 over the course of 12 months, versus R25,000 return on a R 100,000 cash contribution which excludes cost for gearing. Thus, with the same returns but a huge difference on the percentage of "CASH ON CASH" ROI, which demonstrates the potential net

Leveraging peoples assets to assist, whilst making excellent ROI



Example of Leveraging

Consider the common real estate purchase requirement of a 20% down payment. That's R100,000 on a R500,000 property. By putting down only 20% of the money down and borrowing the rest, the buyer essentially uses a relatively small percentage of his or her own funds to make the purchase. The majority, therefore, is provided by a lender/bank. That's why real estate investors often refer to the remaining 80% of the purchase price as other people's money.

Assuming that the property appreciates at a rate of 5% per year. This means the borrower's net worth grows to R525,000 in just 12 months. Comparing this gain to the gain from a purchase made outright (at R500 000) without any loan, highlights the value of the leveraging strategy.

worth increase provided through the use of leverage. Now, picture the percentage gain every year for 20 years. Over time, the use of leverage can have a very significant and very positive impact on your net worth.

Other examples of businesses which are known and use leveraging assets are, Uber using other people's vehicles, Airbnb leveraging other people's properties for accommodation, Property Assist using other people's properties to make social and financial impact whilst making solid returns.

Visit the Property Assist website www.propertyassist.co.za and register with Wealth Assist in four easy steps and start making your first measurable impact property investment.
SOURCE Property Assist



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- ☒ Make solid returns
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How to resolve tenant-landlord disputes over utility bills



Most South Africans are now familiar with the Consumer Protection Act, and while they may not be overtly aware that local policy is moving towards the overarching aim of regulating for the consumer, most tenants know that rental law is weighted in their favour. However, when it comes to electricity bill disputes

between tenants and landlords, the rights and recourses open to consumers still remain a little opaque. Citiq Prepaid managing director, Michael Franze, looks at how prepaid metering can work for the consumer and help to quickly resolve unfair utility overbilling.

Disputes regarding utility payments are one of the biggest causes of conflict between tenants and landlords, but nothing ends an argument faster than the indisputable evidence.

When Rental Housing Tribunals don't work

In the event of a dispute with a landlord, some tenants will approach one of the Rental Housing Tribunals that are set up and governed by the Rental Housing Act and the subsequent Amendment Act. However, this can be a lengthy process with many tenants becoming frustrated and giving up before any resolution is found.

While the Housing Tribunals are an excellent way to resolve disputes, Franze believes that before entering this bureaucratic process, tenants and landlords should try to resolve disputes with the data at their disposal. "The best solution all round is to resolve disagreements quickly and fairly. More particularly, early resolution will result in less time wasted and will maintain the good relationship between parties," he adds.

"We must also point out that tenants do not have the right to withhold rent if they are in a dispute with their landlord over utility bills. Not only does the law favour the landlord in these instances, most rental agreements will have a clause in them stating that disputes may not be used as an excuse for withholding payment," Franze warns.

"Similarly, tenants can't have their utilities cut off for non- or late payment of rent. Some municipalities will use this as a last resort for rates non-payment, but landlords cannot use access to water and power as leverage against their tenants."

Accessing historical data via online portals provides a transparent set of data

"Good news for tenants (and landlords, managing agents and body corporates wanting to avoid disputes) is that the Citiq Prepaid system provides access to data at a granular level. We also believe that in the spirit of the Access to Information Act as well as the Consumer Protection Act, providing tenants with the accurate data of the purchase history makes sense and is a big step towards building trust through transparency."

Franze goes on to caution tenants that most leases will include some monthly deductions they should be aware of. These will include expenses such as rates and taxes, water and even costs for electricity for shared services in common spaces. But, Franze says these should be clearly spelled out in the lease, in simple language, and explained to the tenant when they sign the documentation.

"The Citiq online system gives tenants access to the information they need to feel secure in the billing process. This transparency fosters trust. We understand landlords, agents and body corporates have limited time to deal with queries. Easy access to our call centre gives a quick and easy first line of contact that can clarify most questions and, in itself, significantly reduce disputes," says Franze.

FAQs about tenant-landlord disputes

1 Question: What recourse is available to landlords and tenants in the event of a utility bill dispute?

Answer: Property owners and their tenants can resolve disputes by approaching one of the Rental Housing Tribunals that are set up and governed by the Rental Housing Act and subsequent Amendment Act. However, this can be a lengthy process. A better starting point would be for the parties to try and resolve disputes between themselves with the data at their disposal.

2 Question: How can landlords and tenants access the data they need?

Answer: In the spirit of the Access to Information Act, as well as the Consumer Protection Act, providing tenants and property owners with accurate data of the purchase history makes sense and is a big step towards building trust through transparency. Accessing this historical information via an online portal can offer a transparent set of data that can be shared with all parties to resolve disputes.

3 Question: Can landlords pass on certain costs to tenants?

Answer: Most leases will include some monthly deductions that tenants should be aware of. These will include expenses such as rates and taxes, water and even costs for electricity for shared services in common spaces. However, these should be clearly spelled out in the lease, in simple language, and explained to the tenant when they sign the documentation.

4 Question: Do tenants have the right to withhold rent if they are in a dispute with their landlord over utility bills?

Answer: No, not only does the law favour the property owner in these instances, most rental agreements will have a clause in them stating that disputes may not be used as an excuse for withholding payment.

5 Question: Can landlords cut tenants' utilities cut off for non- or late payment of rent?

Answer: No, some municipalities will use this as a last resort for rates non-payment, but property owners cannot use access to water and power as leverage against their tenants.

Décor trends for a new decade

Upgrade your property into the 2020s

Now that we're well into 2020, it's time to think about upgrading your property to reflect this new decade. Outdated interior designs can be improved with simple, low-costing enhancements, which will improve occupancy rates in investment properties.



There are two words to describe the décor trends of 2020 and those are: anything goes. Gone are the days of structure and sticking to one colour, now it's all about mixing and matching and playing around with different textures and tones. There are eight significant trends that have taken 2020 by storm and you are encouraged to incorporate your favourites into your property making it the trendiest on the block.

1 Off-trend will be on trend

In today's world, everyone wants to be different and everyone wants to stand out and what better way to do that than in your home. Homeowners and tenants are looking for the most unique, most avant-garde pieces that scream "uber-unique" and we will see these being used meticulously as furnishings and architecture throughout the home.

Having said that though, it's not about having random bits and bobs in your home just so you can follow the trend. The items you choose and the colours you choose, need to reflect who you are as an individual. After all, isn't that what uniqueness is all about?

2 Colours are the new neutrals

Neutral colours are being replaced by warmer, jewel tones to provide more character to the home. It's suggested that shades of pink will be making a return so expect to see more soft, peachy corals and terra cotta. Colors that feel soft, yet grounded in earth tones.

3 Geometric patterns

Geometric patterns are not new to the design world and they are certainly not going anywhere but what is new is geometric balance. Because geometrics are such a popular trend, they can be found everywhere which means it's easy to overdo.

Instead of having geometrics all over, stick with more classic or contemporary patterns with chairs and throws. You can also pick an area where you want the geometric pattern to make a bold statement.

4 Florals

Floral fabrics and wallpapers have made a comeback. Florals have technically been around for a long time, but there's a big difference between the floral interior design trends of 2020, and the florals you saw in your grandmother's home. Florals today incorporate different patterns, sizes and colours instead of sticking to one colour, one shape and one size.

5 Black is back

Black is back and it's bigger and better than ever. Black everything is the way to go for this new decade – from cabinets to sinks to paint to countertops – we are going black and never going back (well, perhaps just until they invent a darker colour).

Black walls, finishes, and furniture has the potential to make your home look high-end and on-trend. One of the reasons black has been so off-putting in the past is because there's this misconception that black makes a room look smaller but you can combat that problem by including contrasting colors.

OUTDATED DÉCOR IN 2020

- Grey-on-grey colour palette: during 2019 there was a lot of varying hues of grey, saturated in one living space. In 2020, there is more of a demand for warmer toned palettes and rich accent colors, there's more mix and match than just sticking to one colour and all its variants.
- Traditional dining table in the kitchen: Gone are the days of stiff and starchy dining tables. Property owners are wanting a more "livable" feel and are therefore opting for comfortable, upholstered chairs and lower tables that are more suitable for laid-back socializing.
- All-white kitchens: 2020 will see property owners opting for warmer tones in their kitchen in order to make it more inviting.
- Faux plants: these are great initially as it's low maintenance and adds character to the room. However, as time goes on, it remains the same. Choosing to go with real plants will add more personality to the room because as the plant grows, it changes the look and feel of the room. Plus, the O2 is great for you!

6 Sustainable materials & natural luxury

Sustainability has become increasingly more important. As we gravitate towards more eco-friendly lifestyles, people are more ecologically conscious and knowledgeable than ever before. This is being reflected in a desire to bring warm, earthy elements into a space. We will be seeing more natural materials being used with a luxurious spin added to it, like marble finishes in bathrooms and kitchens.

Organic linen will also be big, not only in white, but in beautiful jewel tones, giving it a more polished look, rather than raw and unfinished. We will also see people looking for ways to incorporate nature into their home using houseplants and natural materials like cane, raffia and rustic wood.

7 Indoor garden

Property owners are wanting to bring more of the outside, inside. One way of doing that is by creating an indoor garden. Not only will you receive cleaner oxygen because of your plants, but you will have a fabulous talking-point when entertaining. Make your indoor garden a place of tranquility and the ideal family room by adding a few armchairs and a sofa for that perfect "homey" feel.

8 The re-emergence of the wallpaper

It can be so difficult to choose one colour for your walls so instead of using paint, use wallpaper. That way, you can change it whenever you like. Wallpapers are affordable and add an exciting touch to any blank wall. Popular wallpaper motifs to this year include 3D motifs, watercolor art, geometric shapes, art deco and bohemian motifs.

Alternatively, you can give your tenant the option of choosing a wallpaper that they like, helping them to make the space feel like a home. This option will increase the appeal to tenants, without emptying your pockets.

2020 is looking pretty bright, both literally and figuratively, with wild colors, sustainable decor, and floral prints. While these are the trends that are in style at the moment, ultimately, it's your property and you need to be happy with it.

SOURCE Greeff Christie International Real Estate



Developers doing things differently

How to build for the future investor

AMY STEADMAN

Today, people want to live in areas of convenience, which are affordable and eco-friendly. This has, in turn, affected the way and the 'why' properties are being developed. Any successful developer knows how to read their market and provide them with exactly what they are looking for.



Sustainability

Sustainability is a word that pops up a lot in conversation of late and it's important to understand why. Sustainable development is understood as the process followed to meet the needs of the people, without compromising the needs of future generations. The recent water crisis is a prime example of how important practicing sustainability is, and how important it is to plan ahead.

A major breakthrough in real estate development, especially during drought and load shedding, has been sustainable energy solutions. Consumers are increasingly aware of their environmental footprint and the need for eco-friendly and sustainable solutions in everyday life has become universally important.

Sustainable solutions for residential homes are popping up everywhere and there are many companies in South Africa looking to capitalize off of this movement. Many developments have led the way in implementing sustainable development in their properties. Some have adopted features that save water, while some, triggered by the prevalent load shedding have based their sustainable cause on renewable and self-efficient and/or sufficient electricity.

The Ridge, a green building in the commercial district of Cape Town's V&A waterfront, is made with a central focus on sustainability. This building has proven to lead the way forward for future developers in South Africa. David Green, the CEO of the V&A Waterfront says this building seeks to create an unparalleled internal environment with the highest level of natural light and fresh air.

"This district of the centre has a commercial property focus, including a mixed-use element with a strong emphasis on urban mobility. Other upcoming developments include a new 6500 m2 office building and the upgrade and restoration of the historic villas targeting boutique financial, legal and professional firms," says David Green.

Student accommodation

A massive drawcard regarding development opportunity in South Africa is the consistent demand for student accommodation. There are large well-established universities all over South Africa and smart developers are obliging by developing residences for students to live.

Sales Project Manager at Engel & Volkers Developer Driven Projects, Dustin Folkers is confident that investing in student accommodation can result in excellent returns. "The annual occupancy in student accommodation sits at around 97%, with both the rental value and retail value increasing year on year," says Folkers.

An owner-operator of affordable student accommodation that has presented a good sense of understanding of the need for affordable student housing in South Africa is Citiq Prepaid. Offering more than 3000 beds with an ambitious target of 10 000 new beds by 2023, Citiq's keen focus is on the sustainability of their services, and satisfaction at the heart of their operating model.

Location & mixed-use efficiency

Location has always been an important factor for developers in property. Now it's a matter of getting it right. Where there's been nothing, thanks to the development of mixed-use developments, there will be everything.

A mixed-use precinct is a development that caters to the live, work and play of people's everyday lives. This means a development won't have to be in a prime area, but amenities will be close-by. Mixed-use developments include offices, retailers, restaurants and accommodation – creating an artificial central business district. Mixed-use precincts tackle issues of traffic congestion and centrality, providing property owners with the same benefits of a central location without the hefty price tags.

"A major breakthrough in real estate development, especially during drought and load shedding, has been sustainable energy solutions."

With many developments being built to cater for students studying in a certain area, and the introduction of mixed-use precincts implementing sustainable solutions in commercial and residential areas, these developments are attracting property buyers that are able to cater to their individual wants and needs.

In South Africa, various development companies have introduced mixed use precincts around the country. At the helm of this mixed-use property revolution are key developers, such as the Amdec Group. In an effort to meet consumer needs for quality and convenience, Amdec Group's focus has been on the creation and transformation of precincts to serve as multiple-use spaces where public and commercial areas are interdependent.

"The resurgence of mixed-use living with an emphasis on a convenience-based offering is something known as New Urbanism" says Managing Director of the Amdec Group, Nicholas Stopforth. An example of New Urbanism is Melrose Arch, Amdec's flagship mixed-use development.

"As a resident of the area you can walk from any location of the precinct to another. Starting at 5 a.m., you can go to the gym, have a shower, walk across to a coffee shop and order breakfast. Then you can walk to your office, conduct business, meet a client for lunch at one of the restaurants. If you're a resident, you don't need to drive anywhere. The point is that all your daily needs are within walking distance," says Stopforth.

Many development companies are embracing change and adapting to the changing needs of property buyers. Using their resources to cater to the current demand, while considering factors like traffic congestion, centrality, sustainability and changing lifestyle needs. If developers manage to merge the trends in a cohesive way, the call of success will inherently be answered.

SOURCE Citiq Prepaid, Amdec Group, Engel & Volkers

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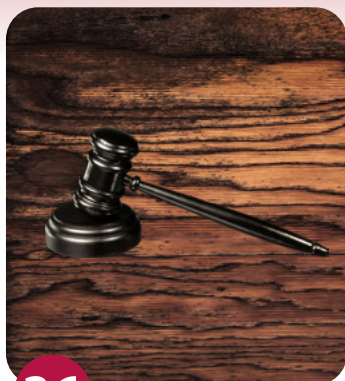
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Amendment Bill

In South Africa, sanctions people pay are often used to finance various developmental services, here is how this is similar to the new bill.



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Seller in a buyers market

Within the buyer's market in the sector it's important that sellers wait for a time when there is a stronger demand for housing before selling their properties.



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A new generation

The sudden mixed-use precinct boom in the real estate and property sector this sector being attributed to shifts in buyer sentiment towards value and affordability.

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Co-working spaces

The global property sector is evolving, more companies and corporations are leaning towards flexible workspaces. This is why the global co-working industry is consistently growing



How Commercial Property Brokers performed in 2019

From the actions of the year 2019. Here is how commercial property brokers in the six major metros of South Africa has been projected.



WeWork officially launches in Cape Town

The sharing of the office spaces by different companies is often deemed taboo and conflicting. WeWork has challenged this narrative by diversifying the sector.

Development charges & levies

Everything you need to know about the Amendment Bill

SIDIMA MFEKU

The Municipal Fiscal Powers and Functions Amendment Bill ensures that the cost of the municipal infrastructure required to service a new land development is primarily borne by its direct beneficiaries. It advocates for the support of economic development by local developers in different municipalities around the country.



In countries like South Africa, the sanctions we pay are often used to finance various governmental development services like roads, schools, hospitals and other infrastructural developments of the country. Sometimes even used to rescue some of government's divisions out of economic scares. The taxing of the various business divisions in the country is to make certain that all sectors fairly contribute towards the innovation of South Africa as a nation. This is widely known to be carried out by the South African Revenue Services, SARS. With the new Municipal Fiscal Powers and Functions Amendment Bill one wouldn't know what the difference is between taxes paid to SARS and the charges that the bill enables Municipalities to levy on property developers.

What is the Amendment Bill?

The Municipal Fiscal Powers and Functions Amendment bill establishes an unambiguous, fair and consistent basis for municipalities to recover development charges for all new land development projects that require statutory approvals

through the municipal land use planning system.

According to the National Treasury "the purpose of the bill is to increase the amount and the predictability of development charge revenue to provide both municipalities and developers with more certainty and assurance that the costs of infrastructure are covered by its users. The incidence of the payment is also immediately apparent as the land owner pays and, to the extent that the market permits, the land owner will pass on these costs to the purchaser of the property that is sold."

The Amendment Bill provides for a uniform regulation of development charges. Development charges are a once-off charge levied by a municipality on the land owner as a condition for approving land development application. They are imposed to cover the costs incurred by the municipality when installing new infrastructure or upgrading an existing infrastructure that is required to service the proposed development.

The good, the bad & the ugly

After thorough studying of the Bill by various affected stakeholders, some developers and associations have made comments about how they think this bill will affect the property sector financially and otherwise.

South African Property Owners Association (SAPOA) CEO, Neil Gopal, hopes that double taxation with regards to the enactment of the bill will not be suffered by the various developers as they already pay high commercial property municipal rates. Meanwhile, local developments company, Sedgley developers' Director, Mark Batchelor, believes that the centralisation of guidelines for local governments on how they charge local developers is a great idea.

"Development charges are a once-off charge levied by a municipality on the land owner as a condition for approving land development application."

"The principle of setting a standardised framework to guide local authorities on how much, and what aspects to charge, developers for in order to create serviced/zoned land is good in my opinion. Many of the smaller local authorities do not have the expertise to create "best practise" service provision agreements from first principle," says Batchelor.

"The other key aspect of the Bill is to ensure that services contributions are ring fenced to fund the physical provision of these and do not become a source of "general revenue" for the local authority leading to underserviced developments, service delivery protests, and developers being unwilling to consider housing (and other) much needed projects," He added.

Is it worth it?

On whether or not this bill is needed in South Africa, Batchelor says: "A well drafted Bill entrenching what this bill entails would help to create regulatory certainty which is very important when considering long term, location bound, investment such as property development. However, it would take some time to implement such a bill with sound principle."

Batchelor's views about the bill do not differ much to the sentiments shared by Gopal, who believes that the Treasury's plan is not a terrible one.

"The Treasury plan is not necessarily a bad idea, if the Bill provides a constitutional basis for municipalities to levy development charges in a more uniform way. eThekweni's property surcharge plan several years back was unconstitutional in our view, that is why we opposed it. This

bill seems to provide a constitutional basis for levying the development charge," says Gopal.

Gopal adds that the development charges must be integrated into the overall municipal fiscal system, particularly every aspect that involves the financing of municipal infrastructure. Developers should not be required to pay twice for capital expenditure on establishing or maintaining service infrastructure.

Batchelor adds: "The Bill provides far too many exceptions which are simply a 'back door' for local authorities [and even for the Minister] to bypass the provisions when they deem it necessary."

"This allows for political meddling in what is actually a straight forward engineering/ accounting exercise of providing essential services to grow the country. An example of this is that in the draft Bill the local authority can exempt the developer from development contributions but must then identify where the funding for these services will come from. An alternative would be the elimination of all exemptions, with the local authority having to find the funding to reimburse the developer where they deemed the project socially important."

"This would mean the Council having to debate (during the allocation of Council tax resources) which, and how many, subsidised schemes they can support at the expense of other costs seeking funding from the overall budget. It is just too easy for a town planning official to sign off a zero contribution with the services funding "to be provided by the Council general revenue" without having to be part of the tough process of allocation of scarce resources during the budget against demands such as policing, hospitals, education etc. Allowing development without service provisions is a disaster that is very evident throughout the country at present."

"I'm not even convinced that providing an exception "with Ministerial approval" is desirable because for the Minister to be involved in specific local development decisions is cumbersome and undesirably political. The provision for the developer to install the services (outside the actual development) and to recover any excess cost over a period is good as it ensures that the funding is spent on the services specifically, which the Council can inspect and take over, prior to issuing a clearance," concludes Batchelor.

While this bill remains under scrutiny, it is safe to say that it has absolutely nothing to do with the South African Revenue Services. It is, however, another way for the South African government to get businesses to cooperate in building a developed country, through local municipalities. Of all the powers given to local municipalities and government, democracy always prevails, the freedom given to various communities to study and give comment on the proposed bill so that adjustments be made by parliament should the bill be found irregular with the lives of general South Africans, and in this case local development companies.

SOURCES Sedgley developments, SAPOA

How to sell your property in a buyers' market

JACO GROBBELAAR



All real estate and property investors know that we are currently in a buyer's market. This means that there are more sellers than buyers and that buyers have the leverage when it comes to negotiation. This also means that sellers are not getting the prices they want when selling their properties. So how do property sellers stay competitive?

The real estate and property market also have different market seasons like any other market. There are various factors that affect the stability of the market and the favourability of the market to key role players in the sector namely the property sellers and property buyers. These factors include the volatility of the country's economy as well as the stability of the country's social wellbeing from a health, employment and crime point of view.

What is a buyers' market?

In the property and real estate sector the buyer's market is described as an instance where there are very high number of properties available to be sold and there are not as many property buyers to purchase all the available properties. Therefore, the supply for housing is quite high, while the demand is extremely low.

Under these circumstances, property do not sell as fast they normally do and therefore homeowners are left with no choice but to lower their asking property selling prices to suit the buyers price provision. So, what do you do when you are in a buyer's market, when you need and have to sell your property? What are the important factors to consider?

Demand

As a property seller, if you don't have to sell your property now, don't. Rather wait for better timing when there is a stronger demand and when you can get a better price for your property. However, this may take quite some time. If the property lends itself to be a rental property and you can rent it out, this is an option worth considering.

What to do when you need to sell in a buyer's market:

1. Don't sell if you don't have to
2. If you must sell in a buyer's market, buy another property in the buyer's market
3. Make sure you have time on your side
4. Stay competitive
5. Be realistic about your price

Investment opportunities

Okay, so you may get less for your property because it is a buyer's market, but this also means that you can buy another property at a great price. So, you might be forced to sell low, but at least you can buy low as well. Those who are currently losing out the most are the people who are selling their property or properties and not buying another property or properties.

Time on the market

Prevent yourself from being in a desperate spot at all costs. In a buyer's market, it is going to take longer to sell your property, especially if you don't want to sell the property below the market value or what you believe the intrinsic value of the property is going to be.

So, make sure you have time on your side. If you can afford to be patient then you can wait for the right buyer. By waiting for the right buyer, you will avoid having to sell for well-below asking price out of desperation. Planning and patience means you will have the right buyer, but more importantly the right price. desperately have to sell, you will get a better price.

Competition

The reality of a buyer's market is that there are many properties for sale and a limited number of buyers, therefore, get your house in order. Make sure all repairs are done, and the house looks neat, presentable and beautiful. People buy with their eyes (at least most people), so good photos are critical.

Incur the additional expense and get a professional photographer to take photos of your property for the listing. Photos sell a property. If you have good photos, you will have more interest and more prospective buyers.

Realistic expectations

Do your research and ensure that you have determined a realistic price for the property you are selling. You can obtain independent valuations from estate agents and pull information from the deed's office to determine what similar properties in your area are selling for.

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BUYER'S MARKET

There are more benefits for buyers as property seekers will receive better deals.

SELLER'S MARKET

Almost no leeway for home seekers because there are less homes on the market.

Although there are more homes on the market, there are less people interested in purchasing property.

There are less homes on the market and more interested buyers.

Property prices are usually below market value. There is a high supply and low demand for houses.

With less homes on the market and more interested buyers, the property prices for homes that are on sale often escalate.

Buyers will have more flexibility and opportunities to negotiate a deal for property. Owners will try to sell their homes faster, especially if there are less buyers interested.

There's usually no wiggle room during a seller's market as property seekers have to compete with multiple buyers. Sellers will be taking the best offer on the table, often without negotiating.

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SOURCE Prosperity Enterprises



JACO GROBBELAAR is a property investor, structuring specialist and international speaker. He founded Prosperity Enterprises to help equip individuals in building their property portfolios through education, structuring and support.

The Feng Shui way

Your secret advantage against competitors

SABINE NLD BITTLE



The diversity of the real estate and property sector allows one to immediately change their initial property investment goals to what the sector and market demands. Like with Feng Shui, dating back to more than 6000 years ago, which used to orient buildings in an auspicious manner. It is now an extensively practiced methodology aimed at harmonizing people with environments, and ensuring that personal well-being and profitability is maximised. Feng Shui means wind water.

What is Feng Shui?

Dating back over 2,500 years, Feng Shui, 'the way of wind and water', is the ancient Chinese art of arranging buildings, objects, and space in the environment to create harmony and balance.

The proper design and arrangement of these energetic qualities is believed to promote wealth, health, creativity, and positive relationships.

Working with life force energy, its properties Yin and Yang, as well as its eight constituents including the Lake, the Mountain, Fire, Water, Heaven, Thunder, Wind, and Earth, Feng Shui has been used to improve cities, places of business, and individual houses around the world.

The Feng Shui way

Once the sole domain of Chinese emperors, Feng Shui has flourished as an art, attracting the attention of many successful entrepreneurs including US President Donald Trump, Bill Gates, Richard Branson, and The Body Shop founder Anita Roddick.

In a column about Feng Shui for The Star in 2016, Branson wrote, 'Providing a harmonious environment is a good idea for any business. You can work anywhere, but it can be easier in suitable, stimulating surroundings.'

After consulting Feng Shui Masters for the development of Trump International Hotel & Tower at Columbus Circle in New York, Trump told the New York Times, 'It's just another element in which you can have the advantage over your competitors.'

New York's Trump International Hotel & Tower is just one of many famous buildings that draw on the principals of Feng Shui. Other Feng Shui triumphs include the Sydney Opera House in Australia, and the Louvre in Paris.

A tale of two factories

One of South Africa's leading manufacturing brands, Twinsaver, invested R450m into a new manufacturing facility that compelled the then Group CEO, Garth Towell, to consult an international Feng Shui master. The result was a start-up factory with world-class performance. This was the official introduction of Towell to Feng Shui.

The manufacturing factory worth R450m was already under construction when Towell was introduced to the true practice of Feng Shui. In a reunion with an old school friend and internationally renowned Feng Shui Master, Christos Bouloutis, Towell noticed how Feng Shui was often misunderstood, misrepresented, and underestimated.

With one established factory in operation and the new

factory under construction on the East Rand property in the Gauteng Province, Towell systematically walked the premises with Bouloutis. As any Feng Shui master would do, Bouloutis was looking at the morphology of the surrounding mountain peaks, the river nearby, and the building itself. Because as Bouloutis explains, energy is moved around by wind and water, and that energy can either be favourable or disastrous.

In fact, according to Bouloutis 'The energy coming over the mountain into your front door can be powerful enough to either make you a multi-millionaire or eventually kill you.'

While Feng Shui has sadly been reduced to plastic frogs with coins in their mouths, reduced to a gimmick. Feng Shui is a largely hidden practice that works with the unseen life-giving forces that surround us, a practice that proves itself over and over again.

After thorough talks between the Feng Shui master and the project management consultants and construction engineers, the master's concern was safety. According to the master there are inevitable accident hotspot zones on the site. Signifying the importance of making sure that the safety measures are implemented all the time.

Although it wasn't quite the mountain they needed to move, it was the doorway. Or more precisely, the doorway in relation to the mountain. In Feng Shui, a doorway is the mouth of the building and it is imperative to pull in the right energy.

The current doorway was angled towards the mountain in a way that it brought a 'poison' into the building, much the same way the existing factory did, which at that time was plagued with issues.

'When you have people entering a building from the direction of the mountain and you have a river behind the property, you'll find yourself leaking money, losing efficiency, dipping in productivity, and beset with accidents, strikes, and staff issues,' says Bouloutis.

The new construction now stands with an entrance at the riverside, meticulously balanced with the inflow and outflow of the surrounding mountains, the landscape has been shifted in places to control the flow of water, and even the staff had been allocated the most auspicious workstation locations based on their own person birth charts.

Because the intricate layers of Feng Shui take into the account the 'human factor' too. Towell says his own personal experiences with the practice have collectively been a powerful symbol of how things work in unison.

Towell says, 'It's not about something magical, it's about technical design. And I have seen the results.'

In fact, this particular start-up factory, with its multi-million rand imported machinery was identified by the manufacturer as the most successful startup worldwide in terms of both efficiency and productivity. To this day, Towell maintains that the new facility is a proven example of how Feng Shui elements can result in significant outperformance.

A new generation of property owners

Financially savvy millennials are favouring the savings of mixed-use lifestyles

NICOLE CHAMBERLIN

The risk-averse millennial generation is taking a keen interest in the minimalist, cost-effective concept of mixed-use precincts, with affordability, value and cost-saving measures proving to be top of mind.

With further tepid growth forecast for 2020, personal and household finances for the majority of South Africans are likely to remain under pressure for a considerable time. Yet, as a consequence, buyer sentiment is shifting towards value and affordability, and this is being seen in a boom for mixed-use precincts in economic hubs and principal cities around South Africa.

The mixed-use precinct boom is being experienced in economic hubs and principal cities around the world, with much growth in this sector being attributed to shifts in buyer sentiment towards value and affordability.

With further tepid growth forecast for 2020, personal and household finances for the majority of South Africans are likely to remain under pressure for a considerable time yet. And, according to the 2019 Deloitte Global Millennial Survey, 67% of millennials in South Africa have an ambition to buy a home of their own.

Figures released by property information providers, Lightstone Property, indicate that millennials face paying up to three times more on their first home than those of Generation X, owing to significant increases in living costs and inflation over the past two decades. This, coupled with unpredictable global and local economics, as well as rising unemployment figures have made it difficult for millennials to get a foot on the property ladder.

However, those who take a holistic approach to their finances when hunting for property are gravitating towards homes in mixed-use precincts, particularly in Johannesburg and Cape Town. Affordability, value and cost-saving measures in terms of utilities, maintenance and transport are proving to be top of mind for most buyers, particularly those within the millennial generation.

“Millennials face paying up to three times more on their first home than those of Generation X, owing to significant increases in living costs and inflation over the past two decades.”

The Amdec Group's One on Whiteley development at Melrose Arch has seen rapid uptake of its 241 residential apartments, which offer a live-work-play lifestyle within this iconic award-winning precinct, while The Group's Harbour Arch development, currently under construction in Cape



Town, has seen 90% of its 432 residential units sold already, equating to R1.3 billion in sales.

Director of Amdec Property Developments, Nicholas Stopforth, believes that cost-conscious millennials are becoming more discerning about where they choose to invest, in terms of location, overheads, amenities and lifestyle offerings.

"The millennial generation is renowned for being risk averse, so they're more likely to steer clear of pre-owned properties that typically carry the "Voetstoots" clause. Millennials recognise the false economy of buying homes in affordable suburbs away from the city, as their personal budgets are consumed by additional travel, maintenance and security costs," says Stopforth.

"Savvy buyers and investors are increasingly aware that a higher initial outlay is quickly offset against savings in fuel and utility costs over time."

New urban precincts are not only appealing to millennials, whose sensibilities tend to lean towards 'sharing' economies, but also to more affluent homeowners looking to downsize to smaller shared environments with superior amenities within walking distances of their homes.

"Much of Johannesburg's urban sprawl necessitates the use of private or public transport to commute to and from work, as well as to indulge in leisure time, which is

exhausting, time consuming, expensive, and harmful to the environment as well as one's quality of life," continues Stopforth.

"Amenity has proven to be the value differentiator for securing tenants and investors at One on Whiteley and Harbour Arch. Living within a pedestrianized live-work-play precinct, where all your needs are met within walking distance of your home, along with the benefits of a safe and secure, connected and sociable, lock up and go lifestyle presents a compelling value proposition that more and more South Africans are waking up to," he said.

"One on Whiteley is already 94% sold out, with only a handful of units still available for sale. And while there's a great deal of saturation in traditional property markets, demand for mixed-use developments in South Africa is beginning to outweigh supply."

Despite concerns among analysts that 2020 is set to be a challenging year for the property sector, owing to a sluggish economy, load shedding and muted foreign investment, most agree that the 2019 trend of investing in smaller homes in secure, walkable, convenient mixed-use precincts is set to continue into the foreseeable future.

SOURCES Amdec Property Development, Lightstone, Deloitte Global Millennial Survey

What to look for in a co-working space

NICOLE CHAMBERLIN



The co-working trend is here to stay and many entrepreneurs, as well as bigger corporations, are looking at moving into these shared office environments. But not all co-working spaces are the same and there are a number of factors to consider when choosing which one you would like to base yourself out of. David Seinker, founder and CEO of South African co-working space firm The Business Exchange (TBE), gives us his list of what everyone should ask before they sign on at a co-working space.

Is it a good location?

Business people want and need a location that is in the economic hub of major cities. At TBE, for example, we have offices in Sandton and Rosebank in SA, and just outside of Port Louis in Mauritius. Being in a central business location means that it's easy for potential clients to reach you for a meeting, and you can put a prime location as your address on your business card and website.

Does it have a generator?

This is the South African reality. We are almost always asked this question as many businesses aren't able to go without power for hours at a time. Without power, many small business owners are rendered helpless, losing thousands of Rands with each instance of load shedding.

Are there networking opportunities?

Co-working spaces are, ideally, meant to be about collaboration and it's supposed to be easier to connect with like-minded business people. However, it can be difficult to meet anyone else working from your space as business types tend to keep their heads down and focused on the task at hand.

That's why networking events are so important. It gives entrepreneurs and business men and women the chance to meet potential clients or find avenues for collaboration with other businesses. At TBE, we host these events on a regular basis to foster a culture that promotes networking opportunities.

Does it offer business support?

The smaller businesses who move into a co-working space could often benefit from a number of support systems. A good co-working space would offer these small businesses the chance to pitch for funding from people in their network or host regular sessions that offer advice on marketing, business growth and more. At TBE we call these sessions the Deep Dive sessions and they have become increasingly popular among our tenants.

Can you grow your business from it?

If the co-working space that you are enquiring at doesn't have an answer for this question, then it's probably not the space for you. A co-working space is meant to be an environment where businesses thrive, not get lost in.

At TBE, for example, we ensure that we are a destination for people who want a sophisticated setting with little distractions. We don't have an open bar or a pool table, but we offer our tenants lots of space, great opportunities and an ecosystem where they can focus on what is most important - growing their business.

SOURCE The Business Exchange



Managing student accommodation

Water & electricity costs

As the tertiary academic year kicks off, students are struggling to find accommodation and savvy property investors, developers and property owners are moving quickly to either buy or renovate existing properties to fulfill the need. However, while student accommodation may be lucrative, racking up unpaid utility bills can be a serious threat, especially for smaller operators.

In 2017, the Commission of Inquiry into Higher Education and Training found that there was a severe shortage of student accommodation in South Africa, with space to cater for only 20% of students at the official academic residences.

A sizeable portion of the R35 billion in government tertiary education funding earmarked for the 2020 academic year will be assigned to subsidising students' accommodation, and investors have been rushing to supply the growing demand over the last few years. Apartment blocks have been built and some homeowners close to universities have even opted to convert their houses into shared spaces and university digs.

Student accommodation can be trickier than most

While student accommodation is clearly a good business prospect, managing this property class is not as easy as it seems. Business Development Manager at Citiq Prepaid, Raymond Rorich says when it comes to managing any rental, having a monthly variable in the mix, like utilities, can make payment collection a real headache.

"Even in the best circumstances, there is often a debate around actual usage versus municipal meter readings. For landlords this is not only tiresome, but can lead to disputes and even non-payment. This is exacerbated when you consider students living in communal environments," Rorich explains.

While this solution has been derived in conjunction with the residences, Rorich says the small business property owner who has converted their house to a commune can just as easily apply the same type of solutions.

Pay-as-you-go

When securing contracts for accommodation with the universities and colleges, many of the institutions will require landlords to provide certain amenities as part of their contract. This will include quantities of water, electricity and bandwidth. According to Rorich, implementing a pay-as-you-go system is the best way to remain profitable.

"Working with the owners of the student accommodation, we are able to generate prepaid tokens which can be given to the students each month and redeemed on our installed prepaid sub-meters in each room as part of the residences' monthly bundled accommodation offering," He said.

"By installing a prepaid system and using smart software in conjunction with the prepaid sub-metering system some of the clients have set up tag solutions that allows them to measure students' communal water and electricity consumption. Once they have used the allocated amount, the students can buy top up tokens in the usual pay-as-you-go method. While this sounds like a very regimented system, it massively cuts down on disputes between landlord and tenants and even between flat mates."

Unfortunately, many of the utility management systems on the market produce data that is almost impossible to use in regular reporting. Rorich says Citiq Prepaid's online system gives landlords remote access to usage and transaction data and reports in easy to understand formats. Reports are also automatically emailed every month, easing the administration burden.

"Prepaid sub-meters provide transparency and reduces risk for everyone involved. For students, prepaid makes their own electricity consumption more visible and ultimately more manageable. Moreover, when you can track your consumption from day to day it's much easier to budget, and students can avoid the panicked call to parents asking for additional money," Rorich concludes.

SOURCE Citiq prepaid

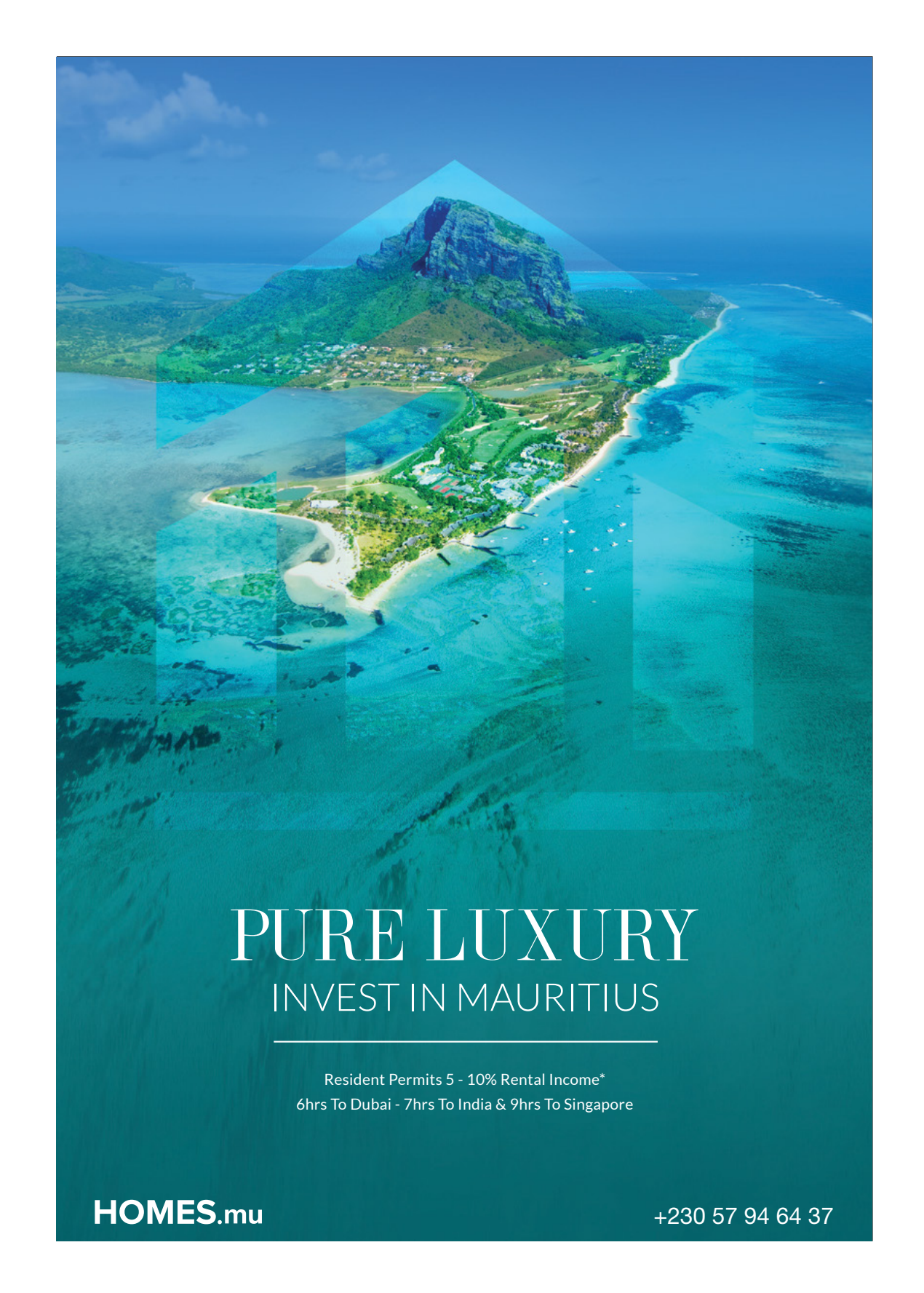
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OFFSHORE



Don't let tax hold you back

We take a look at how taxes apply to your property investment portfolio given the different structures in which you can build your portfolio.



Market sink or soar?

Recent indications show that South Africans are cautious about investing locally due to the lack of necessary infrastructure for their investment/s to thrive.



Why don't you have money?

Because you are missing 12 laws about money! Know them and you will have money but ignore them and you will not have money, Guaranteed!

TOP TRENDING FOR OFFSHORE ONLINE

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Action on jobs needed to sustain property sales momentum

Housing demand has definitely increased over the past year, especially at the lower end of the market, and we expect that trend to continue this year for several reasons



How to invest in UK even if you only have a SA passport

Learn how to build a property portfolio that pays in Pounds, gives you a Rand hedge in a stable economy, and allows you to continue living in South Africa.



Investing in UK Property

Financial education company specialising in practical, hands-on vocational courses and mentoring programs, WealthTrek, is determined to help South Africans move money offshore.

Where to invest in Africa

Top 10 attractive investments



South Africa's fall to third place in RMB's 2020 Where to Invest in Africa report reflects the country's constrained levels of growth, but the report also highlights that it remains Africa's bastion of a well-developed financial and capital market. The Johannesburg Stock Exchange is Africa's most liquid stock exchange where in excess of US\$1.4bn is traded daily. This is significantly higher than the Cairo Stock Exchange (Egypt), which trades US\$44m a day, underscoring the depth of South Africa's capital markets.

South Africa also ranks highly on other measures of financial market depth such as private credit as a percentage of GDP, demonstrating that consumers have access to a wider range of financial instruments relative to other African countries.

Although South Africa's Ease of Doing Business ranking has slipped in the last few years, it remains one of the Top 10 easiest operating environments in Africa. This has allowed international companies to still view South Africa as a gateway to the rest of the continent.

These positives must, however, be viewed in light of the

mounting risks: South Africa is struggling with uninspiring growth rates. Against a backdrop of modest demand and persistent electricity constraints, our GDP growth outlook for South Africa is forecast at 0.6% and 1.0% in 2020 and 2021. The recovery from previous years, while muted, is premised on a gradually improving global economic outlook and more accommodative monetary policy.

Investment attractiveness rankings

"After nine years of publishing, we never fail to be both pleased and surprised by the extent of improvement in countries that are not necessarily perceived as strong investment destinations," says Head of RMB Global Markets Research, Nema Ramkhelawan-Bhana. This year, Guinea, Mozambique and Djibouti recorded the strongest gains in the rankings, with notable advancements in their operating environments.

The rankings are as instructive on the downside, identifying countries that have either stagnated or outright deteriorated in one or more aspects of our methodology. South Africa, Ethiopia and Tanzania are among the more prominent countries to have taken a tumble. A deterioration in the ease of doing

business has contributed to their relative underperformance and, in addition, South Africa is enduring a cyclical downturn.

Tanzania's fall from grace has reshuffled the top ten investment destinations, with Tunisia returning to the fold at number ten while Côte d'Ivoire and Ghana edge ever-closer to the top five. North Africa remains dominant with Morocco displacing South Africa in the rankings, rising to second place.

Key sectors to unlocking the continent's growth potential

- Construction
- Finance
- Information, Communication & Technology
- Manufacturing
- Resources
- Retail

Top 10

1 Egypt
The enormity of the market paired with a sophisticated business sector relative to other countries makes Egypt the most attractive investment destination in Africa. The improvement in Egypt's business environment, facilitated through government programmes, combined with the progressive increase in investment from the private sector has enhanced economic growth and assisted in repositioning Egypt on the global investment map.

2 Morocco
While only Africa's fifth-largest market, Morocco's expected growth rate of 4% over the medium term and its greatly-enhanced operating environment has served the country well since the Arab Spring. Its reintegration into the African Union and accession to the Economic Community of West African States (ECOWAS) have enhanced its investment appeal.

3 South Africa
South Africa has slipped another place in this year's rankings, stymied by depressed levels of growth and a lack of structural reform. Yet it remains Africa's hotspot for portfolio investment. With many countries facing severe liquidity constraints, South Africa's financial markets and level of financial inclusion are still a cut above the rest.

4 Kenya
The above 5% expected growth rates, helped by favourable weather and political reconciliation after 2017's disputed elections, has propelled Kenya one spot higher than 2019. The economy benefits from diversity as well as a sustained expansion in consumer demand, urbanisation, East African Community (EAC) integration, structural reforms and investment in infrastructure, including an oil pipeline, railways, ports and power generation.

5 Rwanda
Rwanda has the second-best business environment in Africa. According to the World Bank's operating environment scoring, the country has more than doubled the efficiency of its business environment in less than a decade. The government has also invested heavily into its domestic industries, while FDI has increased over the same period, pushing Rwanda to being one of the five fastest-growing economies on the continent.

6 Ghana
The growth outlook is strong, concentrated around the oil and gas sector. Non-oil growth will pick up again, supported by pro-business reforms and a steady improvement in power supply. Political stability will remain underpinned by Ghana's strong democratic credentials. Regardless of a recent deterioration in its operating environment rankings, Ghana remains one of the easier business environments in Africa.

7 Côte d'Ivoire
Côte d'Ivoire is one of the more diversified economies in francophone Africa. Its strong growth rates are supported by the government's pro-business reforms and a relatively stable political context. Large infrastructure projects, particularly in transport and energy (financed by foreign investment, aid inflows and the government) also support the country's strong position in our rankings.

8 Nigeria
Nigeria retains its top ten ranking due to improved macroeconomics, supported by recovering oil prices and production. As the largest economy in Africa in nominal terms, the possibility for investment cannot be overlooked; and with the largest population on the continent, domestic demand continues to rise. Resources and favourable demographics are attracting strong flow of FDI. The liquidity crunch has subsided since 2017 as commodity prices have recovered and changes in FX regulations have been implemented.

9 Ethiopia
Ethiopia is the fastest-growing economy on the continent. With a population of almost 100 million people, demand for goods and services is rising significantly. The prohibition of foreign ownership in key sectors is still a constraint for investment, but this is slowly changing. The government has announced shake-ups across industries, including plans to open up the once closely-guarded telecommunications and power monopolies.

10 Tunisia
Tunisia re-enters within the top ten supported by a reasonable market size and favourable operating environment. The government's encouragement of foreign investment, through its new simplified investment code, has made the country increasingly attractive to multinational manufacturers.

SOURCE RMB

Are you ready to invest in offshore property?

Five-step checklist to get you started

1

Strategy

Determine your objectives and the best strategy to meet them. Are you looking for a property you'd eventually like to retire to, a property you'd like to visit regularly, or is it purely an investment?

It's important to consider your budget, risk profile, timelines, family goals, tax strategy, comfort levels and investment preferences. Once you have set these, they'll help you form your own personal checklist when looking for the right investment.

2

Research

Do not underestimate the importance of doing good research, it's the most important starting point. Look at the micro and macroeconomics of the areas you are considering.

Research the options, the returns, the capital investment required and most importantly the supply and demand in that area. Use reputable companies to assist with your research and make sure that you do your due diligence on any projects and developers you plan to engage with.

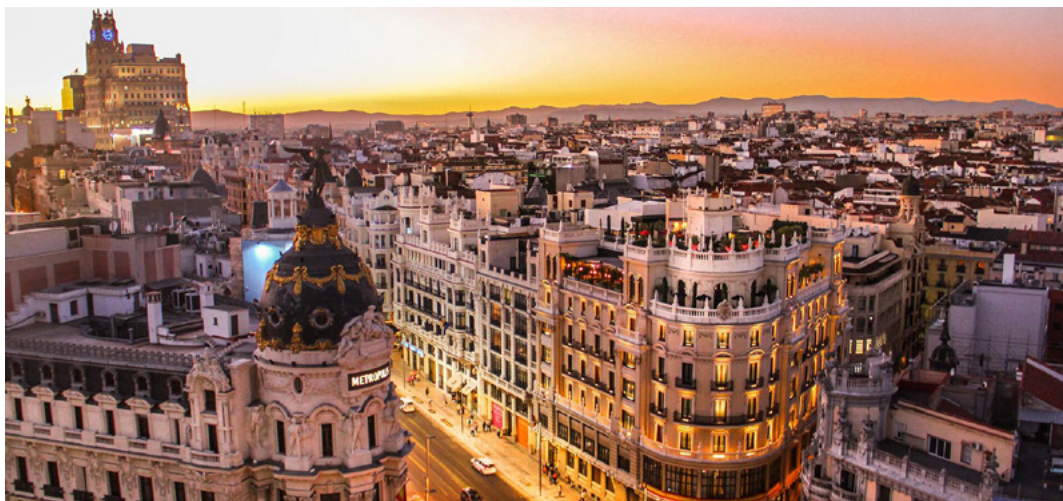
3

Moving funds offshore

Do you already have funds offshore? If so, do they require any notice to access? If you do not have funds offshore, you will have to apply for tax clearance. You should also look at the best ways to move your money at the best possible rates.

The rand is a volatile currency and, for most people, greatly





affects what you can afford to buy offshore. Know the rates and look at using a specialist FX broker as they usually offer a more competitive exchange rate than your bank is likely to give you.

no surprises or unexpected calls demanding money. Many developers do have very attractive payment plans some of which we have negotiated to suit our South African investors.

4 Leveraging
How do you plan to fund your offshore property investment? Will it be a cash purchase or are there any leveraging options available? Borrowing offshore makes sense as the interest rates are considerably lower, but it is subject to strict criteria so do your research and find out if this applies to you.

3 Do not assume that you'll qualify for financing
While you may suit the criteria to get a bond in South Africa that does not necessarily mean you will get one offshore. To have the best chance of achieving those low interest rate bonds available overseas, make sure you have the best advisers in the country you are hoping to invest in.

5 Use the experts
Arm yourself with expert advice and as many tips as you can. Speak to independent advisors, like Hurst & Wills who do not work for one specific developer, to get important, unbiased information. Most independent companies also have considerable local knowledge and years of experience in the markets they specialise in, which is invaluable.

4 Hidden costs
Make sure you have full visibility of all the costs involved. These include the transaction costs, acquisition costs, FX costs, home-owner running costs, maintenance, levies, insurances and management fees.

Tax specialists, investment experts and your wealth manager may also be able to point you in the right direction and help to determine the best route forward to reach your own financial goals.

5 Who is the developer?
Even the most unscrupulous developers can slip through the net. Do your own due diligence and only buy from the best developers with a long and proven track record building or selling the product you're investing in. Developers who deliver on time with the returns and occupancy rates they've promised. The market is saturated with developers flying in and selling directly to South Africans. Be sure to work with an independent advisor who has access to all of them and can advise you in line with your requirements.

Pitfalls to watch out for

1 Watch out for guaranteed returns
Often developers build these guaranteed returns (which could be genuine) into the purchase price of the property, consequently the buyer is overpaying for the property. Always double check that the sales contract actually matches what you're being sold in terms of product and investment outline.

6 Exit strategy
Make sure that the property you're investing in offers you the exit you are looking for. This should determine whether you purchase it or not. Some properties come with fixed guarantees that lock you in, others are only saleable to certain buyers, and some are locked into syndications. Check the title deeds and figure out what your exit would be in the worst-case scenario.

2 Confirm the payment terms
With most new-build properties there is a series of deposits to be made in stage payments. Make sure that these are clear from the start so there are

SOURCE Hurst & Wills



Don't let tax hold you back

Understanding how tax works within your property investment legal structures

JACO GROBBELAAR



Tax is such a hot topic that even the Beatles sang about it. When I meet with clients, they probably have more questions about tax and tax implications with their property investments than anything else.

Sometimes it seems as if people are more focused on not paying tax than they are on making money. This often makes me think of the saying, "Penny wise, pound foolish"...

I will never forget what one of my mentors, a Chief Financial Officer of a JSE-listed company, always used to say: "There is one thing worse than paying tax and that is not paying tax. Rather build wealth and pay tax than not build wealth." The good news is that a property portfolio with the right structure is probably one of the best investment vehicles to use to pay minimal taxes.

Let's start by looking at how taxes will apply to your property investment portfolio given the different structures in which you can build your property portfolio as discussed in the previous articles in this series.

The two main types of taxes applicable to your property portfolio are income tax and capital gains tax. And when you invest in commercial property, value-added tax (VAT) often applies, but we will not discuss VAT in this article.

Let's assume that the income tax rate for trusts is 45%, and 28% for companies. For individuals, a tax bracket scale applies. These assumptions are based on actual tax rates when this article was written.

Income tax:

According to SARS, income tax is the normal tax paid on your taxable income. For a company or a trust, this tax will be applied to your net profit. The annual net profit is calculated as follows:

- Your income will be your rental income.
- Your expenses will be the interest portion of your bond payment, levies, rates and taxes, maintenance (excluding improvements, which should be capitalised), administration fees and all other expenses relevant to your property portfolio or legal structure.
- All these expenses are tax-deductible expenses that can be deducted from your income to derive your net profit.
- On this net profit amount, your tax will be calculated.

Capital gains tax:

Capital gains tax (CGT) is not a separate tax but forms part of income tax according to SARS. A capital gain arises when you dispose of an asset for proceeds that exceed its base cost. Capital gains are taxed at a lower effective tax rate than ordinary income. Capital gains tax is calculated as follows:

- A net capital gain for the current year of assessment is multiplied by the inclusion rate applicable to the person to arrive at the taxable capital gain.
- This amount is then multiplied by the applicable tax rate to calculate the tax payable.

The CONDUIT PRINCIPLE only applies to trusts and is one of the biggest advantages of using trusts. The South African Institute of Chartered Accountants (SAICA) explains it as follows: "If income accrues to a trust and the trustees award it to one or more beneficiaries in the same year, the income retains its nature in the hands of the beneficiary."

This means that whatever profit the trust makes, whether it is capital or income by nature, can be distributed to any of the beneficiaries and the beneficiaries will pay tax in their personal capacity. Thanks to the conduit principle, you often pay less income tax or capital gains tax in a trust than in any other entity. Contrary to popular belief.

Let's look at two tax calculation examples.

EXAMPLE 1 (CAPITAL GAIN):

Let's assume you bought an investment property for R500 000 and sold it for R900 000. The capital gain is R400 000.

Scenario 1:

You own the property in a company, and the tax rate for companies is 28%. Therefore, the capital gains tax will be:

$$[R400\ 000 \text{ (Capital Gain)} - R0 \text{ (Capital Gain Exclusion)}] \times 80\% \text{ (Inclusion Rate)} \times 28\% \text{ (Income Tax Rate)} = R89\ 600 \text{ (Total Capital Gains Tax)}$$

$$\text{Total Capital Gains Tax (Using a COMPANY)} = R89\ 600 \text{ (Effective Tax Rate: 22.40\%)}$$

Keep in mind that if you want to distribute these profits to yourself, you will still need to pay an ADDITIONAL 20% dividends tax on what you distribute.

Scenario 2:

Let's assume you own the property in a trust, and you have two children who need to go to university soon, and you would like to use the profit or gain to pay for their studies. Neither of your children earns any other income yet. The capital gains will be R200 000 (R400 000/2).

Child 1:

$$[R200\ 000 \text{ (Capital Gain)} - R40\ 000 \text{ (Capital Gain Exclusion)}] \times 40\% \text{ (Inclusion Rate)} \times 10\% \text{ (Estimate Effective Tax Rate After Rebates at an Income of R160\ 000)} = R6\ 400$$

Child 2:

$$[R200\ 000 \text{ (Capital Gain)} - R40\ 000 \text{ (Capital Gain Exclusion)}] \times 40\% \text{ (Inclusion Rate)} \times 10\% \text{ (Estimate Effective Tax Rate After Rebates at an Income of R160\ 000)} = R6\ 400$$

$$\text{Total Capital Gains Tax (Using a TRUST)} = R12\ 800 \text{ (Effective Tax Rate: 3.20\%)}$$

Even though a company is taxed at 28%, if you wish to distribute the profits to the shareholders for personal use, an additional 20% dividends tax will apply. This often makes it more feasible to own your first properties directly in a trust as you can apply the conduit principle with beneficiaries who are on low tax brackets. Therefore, it's clear that even though trusts have a higher tax rate, you pay the least tax because of the conduit principle.

EXAMPLE 2 (NET PROFIT):

Now, let's assume your property portfolio generated a net profit (rental income minus expenses such as interest on mortgage bonds, rental agency commissions, levies, rates and taxes, maintenance and administration costs) of R400 000 for the year. The previous capital gains assumptions still apply to the following scenarios.

Scenario 1:

$$R400\ 000 \text{ (Net Profit)} \times 28\% \text{ (Income Tax Rate)} = R112\ 000$$
$$\text{Total Income Tax (Using a COMPANY)} = R112\ 000$$

(Effective Tax Rate: 28%)

Keep in mind that if you want to distribute these profits to yourself, you will still need to pay an ADDITIONAL 20% dividends tax on what you distribute.

Scenario 2:

Let's assume you own the property in a trust, and you have two children who need to go to university soon, and you would like to use the profit or gain to pay for their studies. Neither of your children earns any other income yet. The net profit will be R200 000 (R400 000/2).

Child 1:

$$R200\ 000 \text{ (Net Profit)} \times 12\% \text{ (Estimate Effective Tax Rate After Rebates at an Income of R200\ 000)} = R24\ 000$$

Child 2:

$$R200\ 000 \text{ (Net Profit)} \times 12\% \text{ (Estimate Effective Tax Rate After Rebates at an Income of R200\ 000)} = R24\ 000$$

$$\text{Total Income Tax (Using a TRUST)} = R48\ 000 \text{ (Effective Tax Rate: 12\%)}$$

Once again, it's clear that even though trusts have higher tax rates, you pay less tax because of the conduit principle. The conduit principle allows you to distribute to any beneficiaries, not only your children. You can also distribute to your spouse or parents if they are on a lower tax bracket. And if you don't have children yet, keep in mind that your tax challenges will only come later once your property portfolio has existed for some years.

Is it possible to build a property portfolio without paying tax?

The short answer is yes. You can build a huge property empire and pay almost no tax! And this is not only applicable in South Africa, but worldwide. It is possible to stay close to break-even, while you experience capital growth (unrealised gains) with your property portfolio.

Therefore, don't ever let tax hold you back from investing in property. You'll miss out on the ride of a lifetime.



JACO GROBBELAAR is a property investor, structuring specialist and international speaker. He founded Prosperity Enterprises to help equip individuals in building their property portfolios through education, structuring and support.



Investing in SA

Market sink or soar?

GRANT SMEE



A bout of recent heavy power outages had both local and foreign investors rethinking their investments on South African soil. While the economic instability is felt predominately by the business sector, much hesitation is experienced in the property sector too.

According to entrepreneur and property investor, Grant Smee, recent indications as per media reports show that South Africans (in particular) are cautious to invest due to the lack of necessary infrastructure for their investment/s to thrive.

Grant believes that it's not all bad news and says that 2020 is the ideal year for investment in the property sector; "President Ramaphosa places great emphasis on the country's infrastructure which is set to begin its slow journey to improvement this year. Based on this, we will see improved stability in both the commercial and residential property sectors".

Grant outlines the top seven reasons to invest in the South African property market in 2020:

1 The property market is one of the most stable areas of investment in South Africa:

While some investors may choose to play the stock market rather than invest in property, the latter option is far more attractive for the risk averse. "Despite what some may say, our property market has continued to maintain a balanced global position with steady returns," says Grant.

2 Upwardly mobile young professionals seeking accommodation:

As many young South Africans continue to enter the skilled labour market and seek to move out of the family home, they are met with a demographic-specific property shortage. "Young professionals are driving the affordable housing market nationwide," says Grant, "and due to their preference for 'lock-up-and-go' units, they are the property developers dream."

"South Africa is consistently included in the top holiday destinations in the world, and this combined with a good exchange rate has led to some tourists wishing to make their connection more permanent."

3 High rental rates deliver profits:

On a similar note to the previous point, cash-strapped millennials are increasingly choosing to rent rather than buy in the South African property market. "This is good news for property investors! Buying-to-let helps you to pay off the bond while the value of the property

continues to increase over time — particularly in desirable locations," Grant explains.

4 Infrastructure in SA is still better than every other developing country on the continent:

"Despite what the naysayers may say, our roads, transport hubs and other infrastructure are superior to some of our neighbouring countries like Mozambique or Botswana. South Africa has direct access to the world's major economies, and most of the world's biggest companies have branches here." Grant notes that this economic positioning has led to an increase in foreign workers seeking accommodation in the country.

5 Position as the tourism capital of the world:

South Africa is consistently included in the top holiday destinations in the world, and this combined with a good exchange rate has led to some tourists wishing to make their connection more permanent. "The influx of tourists has led to an increase in short-term rental opportunities for property investors, often at more attractive rates than those offered by local renters," explains Grant.

6 South African asset prices, particularly property, are the most attractive they've ever been:

Government is taking the necessary steps towards ensuring that South Africa is as attractive as possible to foreign investors. "These steps directly benefit local property investors too. It's definitely a buyer's market at the moment," says Grant. "A lull in the housing market means that many homes are on the market for far less than initially purchased for, which is great news for first-time investors."

7 Banks adopting a more lenient home loan lending criteria:

Finally, one of the most compelling reasons to invest in the South African property market in 2020 is that mortgage lending experts have observed a recent uptick in banks adopting more lenient lending criteria for potential buyers. "From an increase in conversion and approval rates to requiring smaller deposits, this trend is really benefiting first-time buyers," concludes Grant.



GRANT SMEE ventured from financial services into property investment and property services in London before returning to South Africa in 2010. Today Grant is the Managing Director of Only Realty, the founder of EPIC Networking South Africa, OUST Eviction Management Solutions, and a variety of other innovative property solutions start-ups.



Why don't you have money?

MEIR EZRA



You have probably asked yourself this question in many ways over the years to the point that you have stopped asking, and it started with the urge you have to succeed. You may have wanted a new car, a new house on the beach, a new wife (just joking), you just wanted more.

By having reached new heights every day, and then realising that time is going by and something is wrong, and you don't have what you want. You think, "Well, do I really want it?" And you say, "YES!!!" More time goes by and you owe more money to your family, and to your friends, and to your credit cards, and to your suppliers, and to your employees, and even to your enemies.

You begin to think, "Why did I even start? Look at all those people that work from nine to five. They have a life, and what do I have?" You slowly decide you don't need a new house, and you decide that a new car is a wasteful expense, "Why would anyone put so much money on a car that hardly gets used?" You say to yourself, "I was wrong, I can admit it, I was wrong for buying into the dreams."

Yet something inside you knows. You know that you were born for success, you know that you are simply missing something. Well, you are almost right. You are missing 12 laws about money! Know them and you will have money, ignore them and you will not have money, guaranteed!

A warning: The reason most people fail most of the time is that they insist on listening only to what they want to hear. Since this article is designed to get you out of this trap, what you are going to read is not what you want to hear, but I can assure you, it is what you need to hear. It's not going to be easy, but it is going to be super effective. Ready?

The first law I call "Eye Opening." The only thing that will guarantee your success is by taking responsibility. Every failure you've ever had was the result of failing to take responsibility. But what is responsibility? To understand responsibility, we can think about responsibility as a scale where at the top we have responsibility and at the bottom we have no responsibility. You can observe that when you are responsible, you cause; and when you are not responsible, you are an effect. The scale of responsibility goes from no responsibility or effect at the bottom, to responsibility or cause at the top.

The most effective thing in the universe is the physical universe. Anything physical is the effect. If you ask a piece of wood how it feels you will wait a long time for an answer. You can hit the piece of wood, use the piece of wood, but the piece of wood will never wake up in the morning and say, "I am hungry."

It is irresponsible to blame your car for the accident. The car is a dead thing and is the effect. A rock, a chair, or anything physical does not decide anything, they don't cause anything, they are placed, they are effect. The lowest level of responsibility is effect. It is when one is oblivious to his causation, like at times when you lost unexpectedly. It is the assumption of the position of no cause, or the position of total effect, like when you are blaming others for your condition. Effect is the lowest position on the scale.

Just above that low level we have "Problems." Problems are two opposing forces. You say, "I am right," and someone else says, "You are not." You have one person pushing

against a person at more or less equal force. The end result of a problem is loss of causation. One or both parts will deteriorate into effect. For example, say your wife wants to buy new shoes, and you consider it is not right, that is a problem. At the level of 'problem', each side of the problem is flipping between momentary cause and momentary effect. While it takes two to create a problem, it only takes one to solve it.

You can solve any problem by increasing responsibility, going up the scale. Either by overwhelming the other side (and creating an enemy), or by stopping to push against the other side and becoming cause. For example, a child says, "I want an ice cream." Mom says, "No." The child can convince his mom to give him the ice-cream (he overwhelms her), or the child can say, "I don't want the ice-cream," and the problem stops being a problem from the child's viewpoint. He raises his responsibility to the next level.

The next level of responsibility is 'Personal Causation.' It's when you consider that anything you do, you create. What you bring about is your own doing, and you do not consider that things others did, or caused. For example, if I hit you it is my fault. If I have an accident, I don't blame the car. But if someone hits me, I don't think it is me, since I can prove I was hit by someone else.

It is when you say, "I am willing to take responsibility for what I have created, but not to what you or others have created."

The highest level of responsibility is 'cause', of which you are responsible. Responsibility is defined as being able and willing to determine the result on all viewpoints. Life is composed of many viewpoints, and when you take one viewpoint, one opinion, you make yourself right and make the rest of the viewpoints wrong. Which means, "I am responsible only for that, and all the rest is not me!" When you are responsible, when you are a cause, you know that anything that happened to you and anything brought about is because of you. You know that you are the creator of the good and bad, the wins and losses.

It is interesting to note that success is a measure of the degree of causation. You first consider that you can, then realise you are the cause, then you'll achieve success. In those areas you consider yourself the cause, in those areas you consider yourself responsible, then things will go well. You have no problems. You will experience ethical pleasure.

As you go down the scale, life introduces you to more and more problems. Problems are the manifestations of drops in responsibility. It is the finding of fault with others as a substitute for responsibility. Your first problem only ever appeared when you blamed someone else other than yourself for your situation. Hence the bigger the problem, the lower the responsibility.

So, why don't you have money? The first and most important reason is that you are not taking responsibility and don't see yourself as the cause. You don't realise that money is something you are able to determine as the result of all viewpoints. 'How do you become responsible and what are the other 11 success laws' is something you will find in the next month's article: Why Don't You Have Money? Part 2.



Can you afford to retire?

Affordable accommodation in retirement villages

ALYSSON WATT

Globally we are living longer, and living longer often places greater strain on one's ability to have a comfortable retirement. Various factors contribute to the comfortability of a pensioner's retirement, including the stability of their retirement funds & affordable reputable retirement facilities/villages.



A Sanlam survey in 2019 indicated that only 8% of South Africans are able to retire with sufficient savings to provide an income at a replacement ratio of 75%. The reality is that, at retirement, retirement savings have a certain income purchasing value and, if drawn above this value, they run the risk of outliving their capital.

Meanwhile, a 2017 Sanlam Glacier report, in the case of a couple aged 65 today, stated that there is a 50% chance that one of them will live reach age 94. There is a 25% chance that one of them will live to 100.

Given this outlook the need for affordable housing for pensioners is extremely urgent and necessary. Developers have focused on the high-end market in the last 15 years with many examples of exceptional design and luxury living in retirement that can compete with the best around the world. But what about the middle-class market who have limited financial resources?

In 2018, the housing backlog reportedly stood at 2.3 million houses and was growing by approximately 178 000 houses a year. South Africa's first affordable house market index released on the 29 October 2019 indicated that properties in the "gap market" (priced between R250 000 and R500 000) are more resilient, and generated the most activity in the third quarter compared to the rest of the residential market.

With 92% of retirees being under-funded for retirement, more and more pensioners are relying on their adult children for financial support. A 2015 Old Mutual Savings and Investment Monitor found that 25% of the sandwich generation are supporting their children and aging parents at the same time.

What this means for developers

There is an old-new market for affordable retirement buyers either in rental only or below R1.5m price point purchase. This affordable price range means that the average house selling for R1.5 to R2.5 million will afford a retiring couple either a swap with a reduction in maintenance and running costs or an extra million or two to invest, thereby helping to ensure they will have sufficient funds to see them into their 90's.

RETIREMENT VILLAGE LIVING

Design & building for retirement villages can apply to any normal estate living. What differentiates a retirement village over & above the age criteria is:

- Care
- Provision of meals
- Lifestyle choices

If working on a rental only basis an extra R1.5 million from the sale of a home would equate to 8.3 years if paying R15K monthly. That would make a substantial difference to someone's retirement quality of life and may also reduce the sum needed to live on for those 8.3 years would also improve the value of the pension.

A rethink of building methodology

All across the world there has been innovations of flat pack built at factory and assemble on site, rammed earth. Homes built with alternatives to bricks such as bottles, hay etc. Radiant heating is very affordable, double glazing. Building off the grid as Eskom struggles to provide electricity is already a desirable purchase point for prospective buyers. Water solutions will not be far behind given the lessons learnt from Eskom.

Design

Smaller homes built with materials that are easy to maintain, that can stand wear and tear, are user friendly for mobility solutions and take into account aging issues such as reductions in flexibility and balance. However, to make a home from 30 sqm to 50 sqm more than doable, space needs to be designed effectively.

"Developers have focused on the high-end market in the last 15 years. But what about the middle-class market who have limited financial resources?"

Retirement village living

It is a common trend that retirement villages are often situated in areas that allow easy access to hospitals and services for the residents. This concentration should be considered an opportunity to seriously rethink retirement solutions for everyone.

Providing frail care is expensive although for some a necessity. But instead of thinking of retirement villages as single entities perhaps they should be looked at rather as a collective where services can be pooled by various retirement villages. This can apply to facilities in retirement villages or services like frail care, pools, gyms, occupational therapy, doctors and beauty therapists. All these can be used on a space-as-a-service basis much like WeWork or Airbnb.

The central resource centre drives the cost of running a retirement village substantially down, provides residents with a greater circle of potential friends and the centre can provide more unique offerings such as ceramics, woodwork, sculpture, business centre and storage options that best reflect the interests and needs of its customers.

The care component could provide different levels of care solution from short stay recuperation to advanced dementia with on-site access to specialist care.

In the future retirement will not be what is seen today to be, but rather a response to the demands of residents and the focus will be on various residents' experience. Retirees crave personalized, frictionless experiences, and companies are sprinting to deliver them. Retirement villages will also be competing to win in the Experience Economy much like any other business.

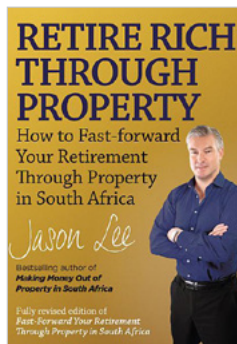
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Books & Apps



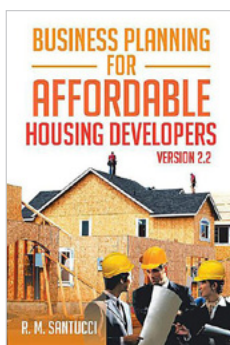
BOOKS



RETIRE RICH THROUGH PROPERTY

Jason Lee

Author, Jason Lee provides information on how to build a property portfolio that will allow you to reach financial security. He gives advice on finding the right deals for retirement purposes, how to finance a property with retirement requirements and whether or not to or sell a property.



BUSINESS PLANNING FOR AFFORDABLE HOUSING DEVELOPERS: VERSION 2.2

R.M. Santucci

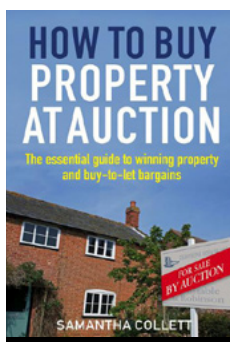
In this book, developers are mentored through the path of creating a three to five-year business plan using a seven-step process. This includes a template outlining the narrative and spreadsheet format for administrative and capital projections.



REAL ESTATE INVESTING FOR BEGINNERS

Giovanni Righers

Investing in the real estate sector is on many people's wish lists, as it gives the opportunity to for to be their own employer. But there is a lot of energy needed in this competitive sector. This book gives first time investors tips on how to maintain the stamina in the sector.



HOW TO BUY PROPERTY AT AUCTION

Samantha Collett

Buying property at auction is nerve-wracking, exhilarating and can be hugely profitable - as long as you know the pitfalls to avoid. In this step-by-step guide readers will learn why so many successful developers and investors buy at auction - and how they can buy and profit from property auctions.

APPS

Real Estate Investing for Beginners



Property Management can be intimidating for beginners. It is therefore important that one takes this online course before jumping into this career. It will teach you the basics of Real Estate and the overall general picture of what it entails. It focuses on how to make the right real estate purchase, amongst other things.

Lightstone Property Pro



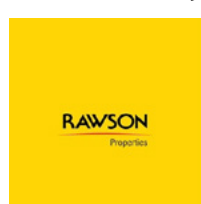
The app can be used by Lightstone property toolkit subscribers to access various reports anywhere, anytime. The reports are specifically designed to assist property professionals that are on the go all the time by providing the most needed information in an easily accessible and mobile manner.

Property 24



Find your perfect home with the property24 mobile app. This app will help you find all of South Africa's leading Estate Agent properties for sale and to rent on your phone or tablet. The intuitive interface makes searching for property quick, easy and fun.

Red Monkey



Property app for property buyers around Tableview. The Red Monkey app helps people own and enjoy the property that's right for them - whether as a buyer, a tenant, a seller or a landlord. As a division of Rawson property, this app is designed to help individuals reach their real estate goals.

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DJ by night, real estate investor by day

*DJ Euphonik on property,
passive income & prosperity*



South Africa is an economically and socially growing state, and it is important that those who live in the country makes use of the advantages that come with being a citizen in a developing state. For inspiration, look to popular South African musician Themba Mbongeni Nkosi, better known as DJ Euphonik, who is excelling as an entertainer and real estate investor.

By day, Themba Nkosi is a savvy property investor with an impressive property portfolio. He is a passionate advocate for property as an accessible investment with exponential growth potential. Nkosi says the property sector appeals to him because it not only makes you sizeable profits, but guarantees prolonged wealth. He says investing in the sector helps many people get the accommodation of their dreams, and in most cases at an affordable price.

Inspirational DJ Euphonik is always happy to talk about property investments and shared insights and learnings from his own property journey. In a Q&A, the sensational DJ and real estate investor shared some of the tricks to becoming a successful property investor.

What is it that you find so appealing about investing in the real estate and property sector?

Humans need a place to live, work and play. Property rarely loses value and it hands down the best wealth creation tool.

As a relatively new property buyer in the sector, what would you say influences your buying decisions?

Personally, I like residential property so I look for opportunities in that field first. After that, it's the best deal, the right location and what the potential future growth of that area is.

In your years in the property sector, have you ever made any property investment mistakes that you look back at and think "but I shouldn't have?"

Absolutely! The first few student apartments I bought were completely wrong. They had no capital gain after five years of

me owning them and so the cost associated with owning them made no sense.

Like entering any other market what was the most challenging aspect of your entry in the property market?

Knowledge. Gathering all the necessary knowledge was an uphill experience. You don't actually realise how intimidating the property buying process is until you start looking. And it gets even more complex when the paperwork hits your table.

To a young South African that hopes to make it as big as you did in the property sector what would you say to them?

Read up as much as you possibly can, watch YouTube videos, watch Property Matters with Euphonik on eNCA and consult experts in the real estate sector. Also, it is important to not rush the process and put yourself under pressure.

What has been your approach to making money from property?

I've only been looking at and putting money into things I understand. Also, I want to do things that grow in value, and bring me a good income so I never lose on the initial capital I invest.

Your favourite property purchase to date, and why?

I bought a piece of land where I want to build my dream home within the next five years.

It is through such motivations that real estate investment sector hopefuls can make their name and make it big in the financially rewarding sector. Nkosi has shared what he thinks he should have known before he ventured into this sector. These are things that young people intending to invest in this sector should keep in mind prior to investing in the sector.

I wish I understood interest rates and how to structure your life and business so you can buy right.



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