



# PAUSE Before You Purchase Property



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According to an article by Ciaran Ryan on [Moneyweb](#) published in October 2023, “Many people saw an opportunity to purchase their first property when prime interest rates dropped to 7% in 2020, but they screamed up to 11.75% in the following two years.”

Ryan goes on to reference the following example: A home loan of R1 million would have cost R7 753 a month when the prime rate was 7%. Now it would cost R10 837 per month. That is an increase of R3 084 a month.

So, how can you decide whether you are ready to buy a home? You will need to consider a number of factors in order to make the best choice for you.

Buying a home of your own is a long-term commitment that requires a significant financial investment. But once you have paid off your home loan, you will have an asset that belongs to you and becomes part of your future financial planning. However, this takes several decades for most of us.

## BUYING

Buying and selling property incurs various costs and you will not be able to make a return on your investment if you're only planning to keep your home for a few years.



You're investing in your future.



You can customise your home to suit your needs.



You're in full control of your circumstances.



You need to be ready for a long-term financial commitment.



The costs of homeownership are higher than the costs of renting.



There is less flexibility if you want to move to a different area.

## RENTING



You don't have to pay property rates, taxes and levies, or building insurance.



Flexibility to move within a few months, depending on your notice period.



You can often rent a property that you would not have been in a position to buy.



Your rent goes up in a predictable way.



Smaller amount of deposit upfront compared to upfront costs when buying.



Less responsibility and lower costs for maintenance.



You're paying someone else money rather than paying off your own property.



You have very limited control over your home, and you may have to move more often.

The difference between the costs of buying versus renting are broadly summarised in the table below.

Costs Breakdown	Buying	Renting
<b>Up-front costs</b>	Deposit (optional) Transfer duties Conveyancing fees Bank fees Estate agent fees Property registration fees All of the above are once-off fees.	Advance deposit of one months' rent, and your first month's rent  You get the deposit back when you move out, if your rent is paid in full and you have not damaged the property.
<b>Monthly property payments</b>	Your bond repayments are usually linked to the prime lending rate. If this goes up, so do your repayments.	Your rent is subject to an increase every 12 months, by as much as 10%.
<b>Other monthly costs</b>	Rates and taxes or levies Water and electricity Building insurance Home loan protection plan Maintenance, garden services, security services, etc.	Water and electricity  Maintenance costs and building insurance are the landlord's responsibility.

**"Let your home be your mast and not your anchor."**

Kahlil Gibran