

New year's resolutions for (first-time) home buyers in 2021

By [Andrea Tucker](#)

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If 2020 taught us anything, it's that life can be unpredictable and while no one can say for certain how much things will change in the coming year, we can give you some sensible, tried and tested good advice if you're thinking about purchasing a property for the first time in 2021.

1. Take a careful (and honest) look at your finances

You probably don't need us to tell you that buying a house is a major financial decision. Before committing to 20 to 30 years of instalments, it's vital to take a totally honest look at your current circumstances, including your short-term debt, savings and investments, as well as your financial goals for the foreseeable future.

Tip: Give yourself a realistic goal of saving for the biggest deposit possible while you start the house-hunting process, or paying off as much of your short-term debt before you make an offer on a property.

2. Consider your career options and overall job security

Before you sign the dotted line, it's also a good idea to take a realistic view of your current income, your earning potential, together with your future career options. This helps establish a long-term view of your ability to meet your financial commitments.

3. Give some thought to your home office

This is certainly a new but very important factor for many more prospective buyers than last year. If your home has become your frequent place of work and visits to the office are few and far between, you'll need to have a quiet space to work, and this means that you may be looking for something a little different in 2021.

Tip: Find out if there is reliable fibre in the neighbourhoods you're looking in; if you're working from home, you'll need a decent internet connection.

4. Expand your horizons

If long commutes to the office are a thing of the past, you can expand the 'zone' in which you originally considered living. You might find that suburbs outside of this zone offer better value for money, larger properties, and even better security.

Tip: Have you heard about how many South Africans are semigrating away from the big cities because their work / family situation allows them to be remote? Consider this if it's a possibility and broaden your search area for a new house.

5. Get clued up on interest rates

Interest rates are the lowest they've been for years but that doesn't mean they'll stay put forever. Ensure you do your



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affordability calculations anticipating a rate increase as early as the second half of 2021.



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6. Pay more than your minimum amount

Remember that for the first few months of paying off any bond, you're really paying the interest and not the capital, so if it's possible to increase your monthly bond payment now above the minimum required amount, you'll pay your bond off faster in the long run.

Tip: If interest rates drop further, keep your monthly installment the same and pay your debt off faster. And pay off your most expensive debt off first (this is often your credit card or a personal loan).

7. Check your credit score

Before you start searching for your dream home, take a look at your credit score. Not only will this give you a clear picture of credit history, it also helps you understand what prospective lenders may see. Your credit score and behaviour are very important factors the banks consider when evaluating credit applications. Checking your credit report regularly means you'll be able to detect inaccurate or incomplete information and resolve any issues quickly.

8. Remember the extra costs

Remember to factor in transfer duties, conveyancing fees, bond cancellation and registration fees into your budget. These extra costs add up fast!

Tip: You may need a few extra months to save for these on top of your deposit, just be prepared for these costs as many of them are non-negotiable and delaying paying these would delay the transfer of a property to you as the new owner.

9. Separate what you want from what you need

Make a list of all the things you're looking for in a home. Are there certain comforts you can live without? What are the non-negotiables? Include your pets and future family plans when thinking through your options. This is the most important list you're going to make in your house-hunting journey.

10. Don't forget the bigger picture

Consider macro-economic factors such as house prices in your preferred area, interest rates, and the 'nature of a buyers' market' and let these be influencing factors if you're certain that a home won't be a financial burden. Paying off your own bond as opposed to someone else's is always good motivation if you have thought this huge and long-term financial decision through properly.

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