

# Consider these basic and big-picture checklists when valuing your home

Determining a home's true market value involves more than its design, amenities, location, and size, says Greg Dart, director at High Street Auctions. While these factors are important, they only paint half the picture for property buyers and sellers.



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“The sad truth is that many ‘professional assessors’ tick too few boxes in the course of a valuation and the immensely frustrating result of this one-dimensional process is sellers all too often pricing themselves out of the market.”

## Basic valuation checklist

Dart says property valuations should always begin with the standard criteria. That list includes:

- **Location pricing:** Not only the suburb in which your home is located, but where it's located within the suburb.
- **Location amenities:** Proximity to good schools, shopping malls and entertainment hubs.
- **Size:** Of both the home and the property on which it sits. With regards to the residence, how many rooms does it have, how many bathrooms and how many entertainment spaces?
- **Age:** Historic homes and features can add value, but modern homes generally have greater market appeal.
- **Property amenities:** Does the property offer extra features like garages that add value, extra space to park cars behind locked gates and fences, additional storage or pools?
- **Kerb appeal:** Properties that are well maintained on the outside are more attractive to buyers.
- **Renovations:** Homes with renovated kitchens and bathrooms command higher prices. If you're going to spend money on any updates, that's where to start.

“All homeowners obviously want the best possible return on their investments, but if those are the only criteria on which

valuations are based, then sellers could end up with properties that stagnate on the market.

“Far worse, though, is the prospect of homeowners losing money on deals because their properties’ unique selling points were missed in superficial valuations.”



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## Big-picture checklist

Dart says in the South African property context, sellers must demand a wider valuation checklist to more accurately gauge market temperature.

“Most are all-purpose specifications in that professional assessors should be considering them in every valuation; industrial, commercial, retail, residential... they apply to real estate across the board.

“But with the residential market so overwhelmingly dominant in South Africa (294,240 title transfers last year compared to 14,535 business property sales, according to Lightstone) this information is especially important for homeowners when deciding on sale prices.”

Dart says the 'big-picture' valuation check-list includes:

**Uninterrupted power:** Location price comparison goes out the window if a luxury home of similar size on your secure estate was sold with a green energy system, a generator that powers the entire house or a state-of-the-art uninterrupted power supply big enough to cope with just about any Eskom meltdown. Loadshedding-adapted homes are in greater demand and achieve higher sale prices.

This is doubly important for property in Cape Town where the city will from June 2023 start paying cash for power that’s fed into the local grid. Businesses – and, in time, residents – will receive money for selling their excess power into Cape Town’s grid in terms of a National Treasury exemption obtained by the city in January.

**Security features:** Differing levels of home security also turn neighbourhood sale price comparisons into an “apples and oranges” exercise. According to Lightstone’s 2022 Estate Agents’ Sentiment Survey, security is the single most important criteria for buyers. If your property has better (and more attractive) security features than your neighbours, it’ll be worth more. The reverse is also true.

**Crime rates:** It happens in the best and worst of neighbourhoods, and it has an impact on the value of your property. In

urban areas, a low incidence of property crime in your suburb can even be leveraged as a selling point, as can numberplate reading cameras and other proactive crime prevention measures in your area.

**Zoning/development potential:** You love your home, but if there is rezoning potential, try to lose the sentiment and consider the development value of your land. Zoning potential is a must in every valuation.

**Interest rates:** Both short-term interest rates (like what you pay on a credit card) and long-term interest rates (like what you pay on your bond) influence people's ability to afford a home. Valuations in times of higher interest rates must take into account that the buyer pool will most likely be smaller, and sellers should be realistic about the market when determining a selling price.

**The economy:** There are many economic factors affecting real estate. Things like unemployment, wages, cost-of-living increases and the performance of the currency all affect how much money people have and, consequently, how many of them can afford to buy homes. Never discount the economy in property valuations.



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Samuel Seeff 27 Jan 2023



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Dart says success for sellers – seeing the highest return on their investments in the shortest space of time – depends entirely on how they start the sale process.

“Insist on a valuation that ticks all the boxes and make decisions with your head, not your heart. Your heart will tell you to accept the highest valuation; your head will process all the data and set a sale price that's correct for the current market.”

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