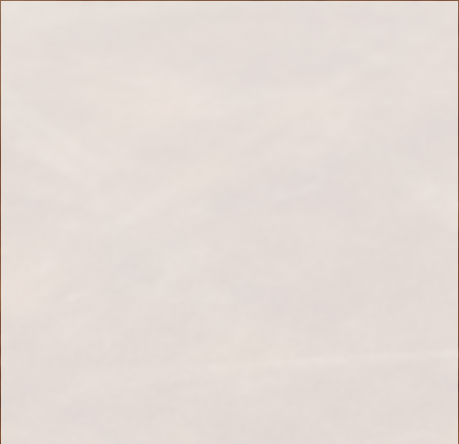


# CONTENTS



Home Diaries

## WINTER 2015



## KEITH'S VIEW

Even though winter has arrived, South Africans are still privileged to have the sun shining brightly to keep the mood cheerful.

In this winter edition of *Home Diaries*, we introduce you to a new interactive property game called Houzz-It. Get your family to download the game and learn how to build a property empire. There are great prizes up for grabs.

We are giving away three iPhone 6s for going green. Simply switch to eStatements and you could be one of the lucky winners.

In **Home loan insider** we talk about turning your renovation into a greenovation and about financing options to make it possible.

**News to use** provides valuable advice on securing and insuring your home and the benefits of paying by debit order.

The demand for property and mortgages is expected to improve during the remainder of this year. **Money talks** unpacks the current economic situation and expectations going into 2016.

Enjoy the school holidays if you have children at home and travel safely if you are going away. Keep warm and stay well this winter.

All the best from the *Home Diaries* team.

Keith Hutchinson  
Managing Executive  
Retail Secured Lending  
Nedbank Home Loans



# IN THE SPOTLIGHT

## Property game made simple

Nedbank Home Loans is proud to announce the launch of a new property game called Houzz-It. Houzz-It is an interactive online game that will teach you about buying and selling property in a fun and entertaining way. It was commissioned by Property Junction and developed by top gaming company Sea Monster.

Players are presented with common scenarios one would encounter as a property owner while dealing with tenants, collecting rent, maintaining the property, managing finances, etc. Tasks need to be completed with a limited budget and home loans are offered by Nedbank within the game. The character Max interacts with players, providing real as well as in-game advice on home loans, financing and managing property.

Each month the player with the highest score is awarded a prize. Prizes have included iPads, movie tickets and dinner dates.

The Nedbank Buy-to-Let Challenge runs until June 2015. The player with the highest score on 12 June 2015 will win an Apple iPhone 6.

You no longer need to wonder about how to become a property mogul. Download Houzz-It on your smartphone and start building your property empire now. You may even win a prize while you are at it! The game is available in the Google Play and Apple App stores.

Join the community at [facebook.com/Houzzit.Game](https://facebook.com/Houzzit.Game).



# IN THE SPOTLIGHT

## Going green with eStatements

Even if you are not a tree hugger, it makes good sense to receive your statements by email.

Why should you switch to eStatements?

It is:

- Fast - delivered straight to your inbox so no waiting for the post.
- Convenient - easy to file and access whenever you need it.
- Safe - password-protected so only you can view them.
- Green - reduce paper waste and save trees.

Switch now and stand a chance to win one of three iPhone 6s.

Visit [nedbank.co.za/homeloans](http://nedbank.co.za/homeloans) for more details or call us on **0860 555 111**.



# HOME LOAN INSIDER

## **Greenovate your home**

Renovating your home can be both exciting and daunting. Deciding what to do and what not to do is often governed by what your budget allows.

In aid of giving your home the makeover you have always wanted, you can apply for a readvance/further loan on your existing bond.

A readvance/further loan will give you access to the difference between the original registered bond amount and the current balance.

An important factor to consider when renovating is how to reduce energy usage and save on costs.

Every change you make counts when it comes to making a shift towards a greener lifestyle.

These are some of the changes you may want to make:



# HOME LOAN INSIDER

## Water heating

### Geyser thermostat settings

Geysers should not be set above 60 °C, but are often set to a scalding 65 °C or more. It is estimated that for every 1 °C by which your geyser temperature is reduced you could save roughly 10% of your water-heating costs.

### Geyser timers

By installing a timer to switch the geyser on an hour or so before you need hot water you can save significant amounts of electricity. Set your geyser timer to run outside the 17:00 to 21:00 period to reduce your household's contribution to peak electricity demand.

### Geyser insulation

Insulation can help to keep the geyser warm for longer, which reduces the amount of water and electricity wasted when you wait for water to reach an ideal temperature.

### Solar water heaters

Approximately 29% of the average energy consumption of a household is used to heat water in an electric geyser. With South Africa's abundant sunshine, using devices that harness the sun's heat can save 25% to 40% of the electricity used by conventional geysers, which means that a solar water heater can pay itself off in less than five years.

### Heat pumps

Water can be heated through the extraction of warmth from the air by means of a heat pump, which uses 50% to 70% less electricity than an electric geyser.



# NEWS TO USE

## **Secure your most valuable asset**

Are you aware that SARS and the local municipalities are preferred creditors in South Africa?

This means that should you owe money to SARS or should you be in arrears with your municipal rates and taxes, either of these two creditors can start legal proceedings to recover moneys owing to them by attaching your property, even though it is bonded to Nedbank.

Should you ever find yourself in such a position, we suggest that you visit SARS or your municipality to make suitable arrangements to secure your home.

## **Ensure your home is covered**

- Do you have sufficient insurance cover on your home?
- Geysers and water pipes tend to be more likely to burst in the winter months.

For peace of mind contact Nedbank Homeowner's Insurance on **0860 333 111** to confirm or arrange suitable cover for your home.



# NEWS TO USE

## **Insurance doesn't cover maintenance**

As a homeowner it is your responsibility to maintain your home and to keep everything in good repair. Your homeowner's insurance policy does not provide for the cost of maintenance on your property.

Homeowner's insurance policies are intended to provide indemnity for loss or damage arising out of unexpected and sudden insured eventualities and usually contain exclusions in relation to loss or damage arising out of, among others, the lack of maintenance, gradually operating causes or defects in design or construction.





# NEWS TO USE

**It is important for you to be aware of certain exclusions that are maintenance-related:**

- We will not pay claims for damage to your home that could have been avoided with proper and general maintenance.

Common examples that will not be covered are -

- water damage caused by a poorly maintained roof that leaks over an extended period of time;
  - roof gutters that become clogged and weighed down with leaves and debris and then collapse or allow water to seep into your home's interior;
  - slow ingress of water and rising damp around the house foundations;
  - cables on your electric garage door snapping due to metal fatigue or maintenance-related problems; and
  - damage to or cracking of swimming pools, boundary or retaining walls due to defective design, construction or non-compliance with building regulations.
- We strongly advise you not to construct buildings, walls or swimming pools, unless you are satisfied that these structures comply with relevant building regulations. You should always seek professional advice before undertaking any additions or alterations to your property.

Please refer to your policy wording for more information.



# NEWS TO USE

## **Check the sum insured regularly**

We advise you to check the sum insured on your home regularly. Increasing the sum insured may increase your premium due to the fact that the replacement value would increase. If you undertake any renovations on your property, please inform us of those changes, as it will impact your cover. It is important to note that insurance on your home is conditional on the structure being well maintained.

For any enquiries contact **0860 333 111** or send an email to [insurance@nedbank.co.za](mailto:insurance@nedbank.co.za).



# MONEY TALKS

## **Residential property - A slow move to firmer ground**

Activity in the residential property market remained relatively subdued in early 2015, albeit firmer than was the case for much of 2014.

Mortgage advances by commercial banks grew at a pace of less than 5% annually in the first two months of this year, while the rate of increase in average house prices moderated to just above 6% by the end of the first quarter. Despite this patchy start to the year, demand for property and mortgages are nonetheless expected to improve further during the remainder of this year.

There is still substantial pentup demand for housing among the public, especially among first-time buyers in the affordable and mid-value segments of the market. In these segments growth in house prices has been impressive, outpacing that of the high- to luxury value categories by considerable margins.

Most commercial banks are also more willing to finance mortgages than was the case for some years after the property bubble of 2004 to mid-2008 burst and the global financial crisis forced far more stringent lending criteria on the banking industry across the globe.



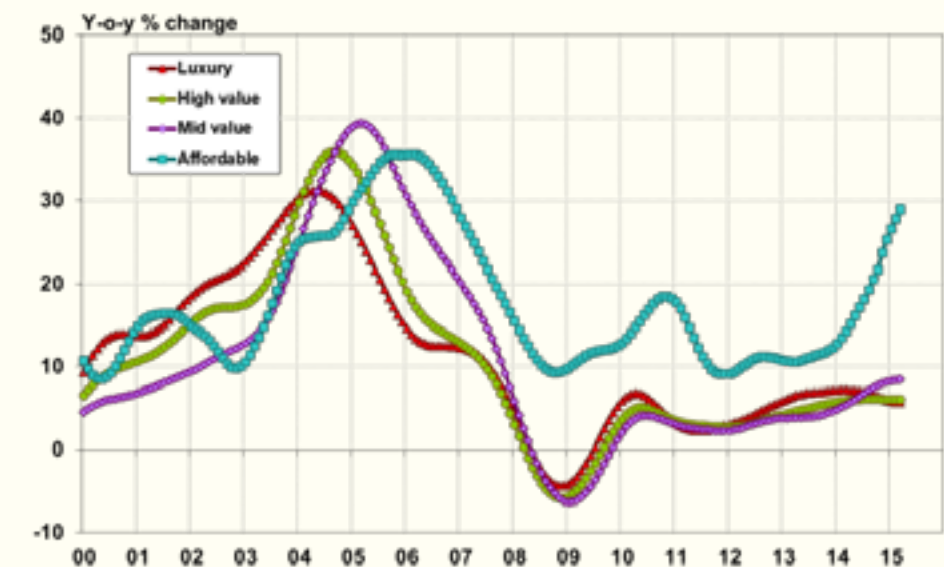
# MONEY TALKS

These factors will support real estate activity, but the pace of the recovery will probably remain relatively slow given that household finances are still vulnerable and interest rates are likely to increase over the next two years.

Growth in real disposable income stagnated in 2014 due to the strikes in large parts of the economy, limited employment growth and slower growth in wages in the public sector.

Households have been cautious in borrowing and have tried to reduce indebtedness, but debt burdens remain high at over 77% of disposable income and interest rate hikes in 2014 have pushed up debt service costs to just over 9% of disposable income.

**Trends in house prices**



Source: Lightstone House Price Index



# MONEY TALKS

So far this year interest rates have remained steady as plummeting global oil prices brought inflation down to well below the upper 6% limit of the Reserve Bank's inflation target.

This relief is likely to be temporary. Later this year the start of US interest rate normalisation, a weaker rand and a moderate recovery in global oil prices off current lows are expected to push inflation higher and force the Reserve Bank to resume monetary tightening.

Nedbank expects a 25-basis-point hike in interest rates in November, followed by a series of rate hikes in early 2016, which is forecast to push the prime rate up to a peak of around 11% by the end of next year. This would be a relatively mild interest rate cycle and would not hurt property prospects by too much. However, a stronger and more sustainable recovery in the property market only seems likely around 2017 once employment picks up and income growth accelerates.



# TALK TO US

Call us on **0860 555 111**, visit any Nedbank or go to [nedbank.co.za/homeloans](https://nedbank.co.za/homeloans).

For Personal Relationship Banking call **0860 555 222**.

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