

## Property market gets creative finance

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After two years of challenging economic conditions, stakeholders in the [South African](#) property market are increasingly recognising the important role that innovative finance solutions have to play in driving future market growth and stimulating purchasing activity.

According to Antony Solomon, of Lombard Insurance Group, this is the primary reason why many estate agents are now actively seeking creative and intelligent finance options that they can offer their prospective buyers in order to simplify the property acquisition process and prompt a greater number of purchase decisions.

Solomon, who manages the Lombard Group's Deposit Advantage product, says the last few months have seen a distinct increase in interest by estate agents and auctioneers in the innovative deposit guarantee solution.

Most recently, Deposit Advantage has been adopted by Engel and Völkers, Chas Everitt, Lew Geffen Sotheby's, Pam Golding, Aucor and Saville Row property groups, bringing to 15 the total number of estate agents and auctioneers that have included the solution as part of their "Offer to Purchase" documentation to date.

The recent endorsement of Deposit Advantage by the Institute of Estate Agents in [KwaZulu-Natal](#) and [Johannesburg](#) is further proof of the growing interest in, and acceptance of, the product as a valuable sales facilitation tool for property intermediaries, Solomon said.

"Given the uncertainty that has characterised the markets for so long, most potential property buyers, investors and developers are insisting on intelligent and cost effective finance alternatives before they will consider entering or re-entering the property market, particularly in situations where the capital they may previously have used to fund deposits is now tied up in alternative investments, which they do not wish to liquidate."

But while Deposit Advantage offers a viable alternative to cash deposits in these situations, Solomon points out that this is not the only reason for its stellar growth in popularity in recent months.

Other reasons for the growing popularity of Deposit Advantage among buyers and estate agents include the ability it gives residential buyers to purchase a new home without having to wait for the proceeds of a previous sale, as well as the tax deduction benefits for investors who use Deposit Advantage as part of their costs "in the production of income".

"The flexibility and transparency of the Deposit Advantage solution adds further to its appeal, because it allows buyers to access guarantees of between 3 and 24 months, and can be used to cover the deposit and commission requirements on the purchase transaction – all for a very affordable, once-off, fixed fee." – **I-Net Bridge**