

# Mount Vema Off Plan Property Guidelines

## **How to buy a Mount Vema property off plan**

Buying a property which doesn't yet exist is not for the faint-hearted, but many buyers and investors have managed to reap the rewards for their bravery across the Globe.

The concept is to buy a property off-plan at current prices and when the development is completed a year or so later, the capital appreciation will have made it worth much more. In some strong markets, as seen recently, profits of between 10 per cent and 20 per cent can be made from an initial 10 per cent deposit. As a result, demand for off-plan property from developers remains strong, especially in place like Mount Vema where the number of properties to be built will be very limited and demand will always exceed supply.

### **Off-plan properties – Mount Vema**

Mount Vema, is currently giving opportunities to large investment companies to buy a number of units for a discounted price. The opportunity is also opened out to individual investors. Agents may also apply for homes to sell, and may try to sell these to serious investors already on their database.

The earlier you get access to the property for sale, the greater the chance of securing one of the better units and of getting a discount on the price. Your negotiating position should be determined by the demand the development is attracting. The higher the demand, the less chance you have of negotiating the price down.

### **Buying to Let**

As with any property purchase, particularly if you're looking to let the property afterwards, it's important that you do your homework thoroughly. If you fail to research the development, surrounding area and the potential demand for rental property before you buy, you could leave yourself in a very vulnerable position financially. So, what things should you consider before buying a property off-plan?

### **Location**

It's all about 'location'. Mount Vema is a complete new city development and aims to be the only floating city state in the world. The necessary infrastructure are already under development and should be completed before the residential and commercial properties are completed, including transport links, shops, restaurants, parks and schools.

### **Let or Sell - Know your market**

If you plan to let or sell the property on completion, you should establish the target market for the type of property you're planning to buy. To understand where the demand is likely to be coming from you only need to look into where the migrant workers will live - those who will travel to seek employment in the island, and then consider the limited number of properties that might be available to house the residents.

### **Price**

For a three bedroom property in Mount Vema, you will be able to charge just about 1,500 Veman golles per month (\$3,000 US dollars). For a one bedroom property in Mount Vema, you will be able to charge just about 500 Veman golles per month (\$1,000 US dollars). This gives you an indication of the possible return you could expect to see when you come to sell or let the property.

Be aware, however, that the market can change a lot over a 12 month period, so you can't always be certain that you will eventually achieve the prices being realised in the current market.

Buying off-plan in a market where prices are depreciating can put your investment at a greater risk. However, get it right and buying a property off-plan can be extremely rewarding.

### **The property**

You can look at the details, dimensions and specifications of the properties available through links on [www.mountvema.com](http://www.mountvema.com). Before you reserve, if you're looking to sell or let upon completion, will the property be suitable for the target market? A family will have slightly different requirements from a single professional, for instance. Make sure the property is suitable for the market you are hoping to attract, whether buyers or tenants. Also, find out if there are likely to be any additional charges associated with the development, such as service charges, although this information should be included in the brochure and if it is not that means that all services are included.

The aspect and views from the property are obviously more difficult to assess on a property that has yet to be built. However, you will have to rely on computer generated images and information provided by the developer.

While not always possible, try to secure a property with one of the best positions, as you'll be rewarded with better rental yields and capital appreciation. Try to find a property with a unique selling point, such as a nice view, parking, or access to outside space.

### **Steps to buying off-plan**

The following points illustrate the steps you are likely to need to follow when buying a property off-plan in Mount Vema:

- Find the right development that suits your needs.
- Arrange the appropriate finance for the purchase well in advance, or you can secure a mortgage deal with a Mount Vema bank such as the RBMV – Royal Bank of Mount Vema.
- Reserve your chosen property and pay the reservation fees (usually \$2,000 USD).
- Make sure all the mortgage paperwork is complete and ready to go.
- Exchange legal contracts and pay the deposit (usually between 5 per cent and 10 per cent).
- Conduct a survey about two weeks before final completion and check the property for any defects.
- Be ready for completion (there are usually two dates, a 'short stop' and a 'long stop') the former is the date by which the developers expect to have finished the building works, the latter is the date by which they must have done so).

### **Assess the property market**

Research local property prices to find out how the market has performed over the last few months and try to gauge the direction of prices.