

Popularity of sectional title homes continues to surge in SA

The lock-up-and-go lifestyle offered by sectional title living may soon supersede the demand for full title (or freehold) homes in South Africa, says Grant Smee, MD of Only Realty Property Group.



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According to Lightstone Property's recent statistics, the volume of transfer of freehold homes has declined since 2018, meaning that the days of high demand for sprawling lawns and white picket fences may soon be numbered.

In contrast, the volume of transfers of sectional title homes and homes located in estates has climbed steadily since 2018 (with a brief dip in 2020). While freehold homes still made up most of the transfer volume in 2021, the popularity of sectional title homes, homes in new developments and homes located in estates, continues to surge across South Africa.

Adding to the appeal of these homes are lower insurance costs, shared maintenance costs and a sense of community. When it comes to investing, Lightstone's latest data also revealed that, compared to full title homes, sectional title properties have enjoyed a lower inflation rate since 2010," comments Smee.

He does, however, caution that while the popularity of these homes will continue to dominate over the next few years, it is adding extra cost pressures to homeowners. "Sectional title homes, new developments and properties located in estates are notorious for high levies. This is largely due to security costs and added amenities. Remember, if there is security, a restaurant, squash court or swimming pool on-site, its cost is being covered by the homeowners."



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4 Jan 2023



Excess supply of full-title homes an ongoing issue

The trend of low house price inflation (HPI) in South Africa cannot be denied, as Smee explains: "The excess supply of homes on the market has given rise to a prolonged buyers' market in some parts of South Africa, while in high-demand lifestyle areas, sellers remain in control."

Smee comments that a large part of the excess supply lies in freehold homes and new developments in over-developed, densely populated areas. "Homes in areas where there are security concerns are also moving slowly," says Smee.

Looking to new developments, Smee says that property developers like Balwin Group have been cashing in on the demand for high-density, lock-up-and-go living. However, in some developments, many new units are standing empty. "This is largely due to the sheer number of units on offer to homebuyers. When deciding whether to invest, buyers will also be weighing up their possible return for units in densely saturated areas."

Pros and cons: full title vs sectional title

When deliberating on full title or sectional title living, Smee urges potential homebuyers to consider a host of factors. “These include your life stage, your plans for the next five to ten years, and your affordability.”

Full title pros

Privacy: Having extra space and walls around your property gives you a strong sense of privacy.

Freedom: You have the freedom to get pets, paint your walls in the colour of your choice, and undertake internal and external renovations as you please. You don’t need to request permission from anyone, aside from letting your neighbours know, as a courtesy, should you renovate.

Full title cons

Unexpected costs and upkeep: Any maintenance or repair work will need to be handled and funded by you.

Neighbours: There is very little recourse in situations when neighbours are noisy, disruptive or fail to maintain their properties.

Security: This is of growing concern in South Africa. While many homeowners have put significant security measures in place, these add to the cost of the home and don’t eliminate risks.



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1 Dec 2022



Sectional title pros

Structure and upkeep under the body corporate: The body corporate keeps everyone in check and ensures that each property is correctly maintained. Levies are used for maintenance and services that ensure the property always looks good and retains its value.

Security: Sectional title properties are generally equipped with 24-hour security in the form of guards, cameras, and motorised gates. In many cases, anyone entering the premises will need to be signed in.

Communal living: For those who enjoy the idea of having shared amenities such as gyms, cafes, pools, etc., sectional title presents an array of options.

Sectional title cons

Less space and freedom: With the exception of sprawling estates, most sectional title properties are in close proximity to one another.

Debt liabilities and special levies: Each owner is responsible for special levies should renovations or upgrades be deemed necessary.

“While the rise of sectional title properties is evident, the choice of the right home is simply based on preference. Be sure to do the math and work with a reputable agent when shopping around,” Smee concludes.

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