

Popularity of sectional title living is increasing

Driving demand for residential accommodation both to buy and rent in economic nodes and key hubs around the country, densification and urbanisation is seeing cities becoming more crowded.



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"In line with this the demand for land for residential accommodation increases exponentially and wherever possible, new suburbs open up and urban sprawl increases," says Dr Andrew Golding, chief executive of the Pam Golding Property group.

"The requirement for security is another consideration which is an important driver of home buying decisions, and so, as a general trend, sectional title as a property type is increasingly in the sights of home seekers - including first time buyers, with its advantages of security and in many instances, convenient apartment living."

According to Absa, in the last 20 years flats and town-houses have made up 26.6% of newly completed buildings, while over the past three years, 63% of all residential development units which they financed were sectional title units - a trend they anticipate will continue.

Sought after areas

In the Western Cape, the increasing popularity of sectional title living is clearly evident not only in Cape Town's highly successful regeneration of the central city, but also in areas such as the sought after Atlantic Seaboard and prime pockets in the southern suburbs and burgeoning areas of the Western Seaboard, says Laurie Wener, MD of Pam Golding Properties in the Cape Town metro region. "Coastal areas have proved the most popular for apartment dwellers for permanent, part-time or holiday usage, with beach and ocean views increasing desirability and value.

“Across the board, the sale of sectional title property in the Cape Town metropole is steadily increasing, with this region experiencing an increase in total units sold of 77% from 2008 to 2014 and an increase in total sales value of 141.6% over the same period, according to Lightstone statistics.

“During 2014 a total of 4,216 sectional title properties were sold in these areas, with an average sales value of R1.46m. This is considerably up from 2,383 sectional title properties sold in 2008, with an average sales value of R1.1m, 3,222 units sold in 2012 with an average price of R1.16m and 3,892 in 2013 priced at R1.27m on average.”

Price bands

This compares with 2,685 freehold properties sold in the region in 2008 and 3,841 freehold in 2014. Of interest is that during this period the number of freehold sales increased by just 43%, while sales value rose by 115.3%.

“In the Cape Town metro we see all the price bands of sectional title property in demand from various types of buyers, including young professionals, singles, young couples starting out as well as older buyers, but as with all property the highest demand is in the lower price bands.”

With its high demand and limited supply, the prestigious Atlantic Seaboard has by far the most expensive apartments to offer, with luxurious prime properties currently on the market ranging from R20m to R50 million, R85m, R110m and upwards.

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