

3 critical questions to ask before buying a sectional title property

 By [Tony Clarke](#)

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Since 2001, sectional title properties in South Africa have, on average, consistently outperformed their full title counterparts. Add to this their significant lifestyle benefits and it's no wonder they've become such desirable investment opportunities - but not all developments are equal when it comes to value and growth potential.



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Solid research is the best way to separate the wheat from the chaff. If you're not sure where to start, ask these three critical questions.

How effective is the scheme management?

Unlike a full-title property, the success of a sectional title investment doesn't rest on your shoulders alone. Bad scheme management is the number one reason sectional title developments fail.

A well-run sectional title scheme needs two things. An effective managing agent – or board of trustees – and an engaged and competent body corporate. If either of those falls short, the scheme is very likely to run into financial or logistical difficulties which can cause serious issues like deterioration of the property, poor enforcement of the scheme rules, or problems with insurance coverage.

To determine how effective a scheme's management is, start by looking at the condition of the development's common areas.

Well-kept gardens and clean, up-to-date common areas are good signs that a development is well managed. If the paintwork is peeling, fittings are broken or there are any other obvious signs of disrepair, there's a good chance the scheme is either in financial difficulty, or its management team isn't doing a good job.

Surface assessments don't always show the whole picture, however. Potential buyers should take a close look at the scheme's financials.

Successful schemes have up-to-date budgets, realistic levies and sizeable reserve funds – all required by the Sectional Titles Act. More than that, they should be able to show proof of positive cash-flow and up-to-date collection of levies. If anything looks less than kosher, proceed with caution.

What am I getting for my money?

Buying into a well-run scheme means having access to a number of facilities that are tricky to get (or prohibitively expensive) in a freehold property. State of the art gym facilities, a full laundry room, lightning fast fibre, a club house and pool, onsite shops and restaurants and 24-hour security are all possible advantages of the sectional title lifestyle.

Of course, just because your scheme offers these facilities doesn't mean you automatically have free access to them, and making assumptions could cause challenges down the line.

It's easy to make assumptions about what your section includes, which areas are for your exclusive use, and what is common property. This not only affects your rights in certain areas – like parking bay allocations and gym access – it also affects your maintenance responsibilities and can impact the day-to-day upkeep costs of your unit.

To clear up any confusion, look over the development plans and ask questions if any space allocations are ambiguous. Make sure you are also fully informed of all the amenities on offer, and understand any additional costs or subscriptions that may be necessary.

What rights and responsibilities will I have?

Buying into a sectional title development means joining a community, and that comes with certain rights and responsibilities.

Every section owner automatically becomes a member of the body corporate, and has voting rights proportional to their ownership in the scheme, or participation quota. This gives you the ability to play a role in the ongoing management of the scheme – something every sectional title owner should do to protect their investment to the best of their ability.

As part of a community, you'll also be obliged to obey the scheme rules, which include things like maintenance responsibilities, design restrictions, noise limitations, pet ownership and general codes of conduct.

You'll want to make sure those rules are ones you can live with because you'll be expected to stick to them – or enforce them with your tenants – once ownership passes to you. You could always suggest changes to the body corporate down the line, but I wouldn't rely on this when making a purchase.

All the information you need should be made available to you by the scheme's managing agent or body corporate. If you have difficulty getting your hands on any details, ask the seller's real estate agent for a helping hand.

Don't be shy to ask for what you need to be confident in your investment, and don't let anyone persuade you to buy into a scheme that can't adequately prove its value and potential.

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