

Sectional titles still going strong

By  Richard Gray

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Data released by FNB in its latest Property Barometer explains that the volume and value of sectional title transactions have significantly increased since 2010 after the dip in the 2008/9 recession. What is even more remarkable is that FNB states that sectional title transaction volumes have risen to 29.94% of total property transactions by individuals by the third quarter of 2016.



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We've monitored and predicted this trend for some time now as South African buyers have shown a marked interest in sectional title homes. There are many factors that influence why the sectional title market is stronger than the full title landscape at present. One of the most influential reasons is that as rising food costs, transport costs and other economic pressures weigh on consumers, the demand for smaller homes closer to business districts starts to rise.

Young, first-time buyers protect their financial sustainability

Young and first-time buyers entering into the market are typically more vulnerable to short-term economic fluctuations and tend to protect their financial sustainability by purchasing smaller homes within lower price brackets. We've seen the prominence of trendy sectional title developments in areas such as Braamfontein, Sandton, Midrand and Cape Town that are ideally located on transport routes and business centres to attract buyers. This is likely to continue over the short to medium term, maintaining the sectional title dominance.

This segment might start to slow down and lose ground to the full title market, but I don't predict it happening over the short term. Economic stability is still a serious issue and while there is uncertainty, the market reacts accordingly.

ABOUT RICHARD GRAY

Richard Gray is CEO of Harcourts Real Estate South Africa. He joined the group in September 2010. Gray brings extensive experience in IT, project management, corporate operations and financial services provision, having been CEO of mortgage originator Bond Choice, to the table. He believes that the key to the group's prospects are the strong brand, industry-leading value proposition, talented people, and the benefits of being part of a powerful international real estate group.

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