

HOW TO PROTECT YOUR SECTIONAL TITLE INVESTMENT FROM THE NUMBER ONE CAUSE OF DEVALUATION



Sectional title owners are often lulled into a false sense of security, believing that they can safely hand off all management, maintenance and repair responsibilities to their Body Corporate with no repercussions. According to Tony Clarke, Managing Director of the Rawson Property Group, this kind of disinterest from owners, especially common with buy-to-let investors, has seen the deterioration and subsequent devaluation of many sectional title developments across South Africa.

“To protect your investment in a sectional title scheme,” says Clarke, “it is vital to play an active role in the ongoing maintenance (and, ideally, improvement) of all the development’s facilities. That means knowing what you should be doing yourself, as well as keeping an eye on what the Body Corporate is doing with all those levies you pay.” As a sectional title owner, the main area you are responsible for is, of course, your section – the apartment, house or office space and any garages, store rooms, etc. that are indicated on your Sectional Title Plan and registered on your Title Deed. Remember, these areas are measured to the centre of the external walls, and include the floor and ceiling as well as everything in the space between. It’s your job to keep all of this in good condition, which means scheduling regular inspections if you have tenants – every six months is recommended.

You may also have areas that are reserved for your exclusive use (such as patios, balconies or enclosed gardens), but are defined as Common Property by your sectional title scheme. In this case, developments will generally require the property owner to accept responsibility for the maintenance and upkeep of these areas. “This will either be specified on your Deed of Sale or in the Body Corporate’s documentation,” says Clarke. “It’s a good idea to check this for insurance purposes before undertaking any repairs.” Clarke urges property owners to remember that maintaining the physical appearance and integrity of their section is not

their only responsibility, however. “You are also required to ensure that you and your tenants are not a nuisance or burden to any other residents,” he says. “Unruly occupants can destroy the quality of life for other residents, and severely damage the reputation of a development. This, in turn, lowers the demand for units, resulting in devaluation of the properties.”

With all these owner responsibilities, you may be wondering what on earth the Body Corporate is for. Their duties include maintaining all Common Property that is not reserved for exclusive use. That means the roof space, roof coverings, gutters, downpipes, below ground areas, and the external half of all the outer walls. They are also responsible for all outdoor areas and communal facilities, and any plumbing or electrical cables that service more than one unit.

A well-run Body Corporate with an effective managing agent will use your levies to not only repair these areas when things go wrong, but actively maintain and improve them to increase the value of the development as a whole. “This is one of the key factors to a successful development,” says Clarke, “and is far more likely to happen with owners taking an active and informed role in the Body Corporate.”

Sectional title developments can offer some of the highest returns of all property investments, but the property owners play a vital role in their success or failure. Ignoring your personal responsibilities as an owner and allowing an underperforming Body Corporate or managing agent to continue unchecked, could turn your prime investment into a financial burden.

“The best way to protect your asset is to get involved,” says Clarke. “Pay attention to what’s happening indoors and out, and don’t be afraid to make your voice heard.”
Rawson Property Group

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