

5 lessons learnt in real estate in 2021 to take into 2022

By [Kagiso Mahlangu](#)

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Property ownership is one of the best forms of long-term investment that any person can make. For most South Africans, purchasing a home is a significant milestone that affords them stability and economic independence, while investment into the property market can provide you with a passive income and long-term financial security.



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The property market has undergone substantial change over the last two years as a result of the Covid-19 pandemic, although these changes are much more positive than its impact on other industries. South Africa's property market experienced exponential growth in 2020 and while this slowed down in 2021, residential property sales figures continue to rise as people are gravitating towards homes that are more comfortable for a work-from-home environment. However, the commercial property market is facing some pressure as a result of remote/hybrid work models.

With an increasingly attractive property market, alongside growing interest in property investment in a time characterised by major shifts in the property landscape, it's important that we look back at the lessons we learned this past year and use those lessons as a guiding map for the year ahead. Here are the five key lessons that potential buyers or sellers should keep in mind when initiating a property transaction in 2022:

1. Do your due diligence

Whether buying your first home, an investment or a commercial property, it's important to make sure you've covered the basics. That means you need to do your homework to understand the market you're looking to go into, what it involves and what the conditions of title are. In simpler terms, you need to make sure you know what you're getting yourself into by considering, amongst other things, any tax implications of the proposed transaction, the zoning and land use of the property, and ascertaining whether the property is indeed worth the stipulated value it is being marketed for.



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2. Make sure you're aware of all the costs involved

This past year, the one query that has come up consistently in practice has been, "What are the costs involved?". Many people don't ask the right questions before going ahead with a property transaction, whether they're buying or selling, and often find themselves surprised by some of the costs that emerge. It can be very easy to get drawn into the attractiveness of the property you're looking to purchase and so you might end up overlooking additional costs such as mortgage bond, transfer fees, maintenance fees and so on. It's important as both a buyer or a seller to ensure you understand the costs that are involved and are able to cover those costs so that it doesn't become a sour deal.

3. Make sure you fully understand what you're signing

When the pandemic first hit, a lot of property owners or renters were left with just the lease or sale agreements they had

previously signed as a way to determine what they could do during a tumultuous and uncertain economic climate. For example, with the hard lockdown, many businesses needed to close their doors and this meant they could not or had difficulty paying their bond or rent. However, the agreement they signed might not have allowed them to get out of the property if they could no longer afford it and determined whether they could stop paying rent until their situation improved. Now, more than ever, it is vital that potential property owners or tenants think about the worst-case scenario before signing any agreement or documents. Ask yourself these simple questions:

“If I want to get out of this deal, can I?”

“If I want to sell, is it going to be easy to do so?”

These are difficult questions, but I think it's always important to understand any documents and agreements in relation to a property transaction because that will determine the options available to you later on down the road if anything should change.



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4. Know who you're doing business with

Covid has highlighted the need for you to go into business with people that you trust, who have your best interests at heart, and who may be reasonable when things don't go right. This is especially important in a leasing situation.

5. Be flexible and creative

The impact of the pandemic on the economic landscape has meant that buyers, sellers, landlords and tenants are all looking to create as much value as they can from a space. This has led to many interesting and exciting new ways in which space is being used, particularly by corporates and companies. It's a testament to what a special and resilient commodity property is. Those looking to enter into the property market need to stay ahead of the crowd by being creative. If you want to invest in property, you should always be thinking at least three steps ahead in case of disruption or change. If something as world-shifting as Covid were to happen again, what's plan B, C and D? The interesting thing about property is that we're always going to need space, but it's how we use that space that might be what changes and remains dynamic.

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