

Useful advice when downscaling to a smaller property



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While ‘downscaling’ may be the latest trend in property, it means different things to different people.

Today, an increasing number of home owners are opting to move into smaller properties earlier in life, driven by a number of factors, including convenience, lifestyle changes and security. According to Statistics SA, 61.3% of all new homes built in Q2 2019 were apartments and townhouses.

So what should you consider before you make the decision to downscale?

Downsizing is done best when current and future needs around finance and lifestyle are considered and planned for, says Justin Kreusch, Pam Golding Properties area principal in [Port Elizabeth](#).

“Most importantly, ensure you are mentally prepared for the downscale to a smaller home. Some people become so used to their far larger homes that scaling down can be an emotional challenge, including divesting of furniture and other items that simply cannot be accommodated in the more compact space.

“Consider your furniture and space needed when looking for a new home, as well as security, and the overall ‘balance’ of the new home as this could impact its resale value in the future.

“If you are relocating to a townhouse or [apartment](#) take into account the levies – which are usually higher in sectional title but importantly, which cover exterior maintenance and building insurance. Also remember to ask about special levies,” adds Kreusch.

Laurie Wener, Pam Golding Properties senior executive - [Developments in the Cape](#) concurs: “Scaling down is never easy. While the intention is to reduce the responsibility and cost of a maintaining a large property, enhance security and possibly benefit from more modern design and services, the sentiment attached to the trappings of having raised a family in a home with generous, familiar spaces and the accumulation of material belongings and memories associated with family members, makes scaling down difficult.

“The challenges come in making the decision to find a suitable property and adjusting to what you really require when the children have moved out.

“My advice is to stay focused on the considerable benefits of lightening the burden of a larger property, the convenience of a more modern and efficient home that is easier to keep well maintained and clean, and quite possibly more secure. Be prepared to refurnish with furniture that is fresh, appropriate for the spaces but also suitable for your personal needs.

“One may also need to accept the fact that smaller may not be cheaper as there may be a premium to pay for a newer, more secure, higher-demand property, but the saving will come in the reduced maintenance and upkeep.

“Essentially, it’s a mindset whereby forward thinking and focus into the new, near-future is essential to deal effectively with the sentimental issues around leaving your current home. But be assured, the vast majority who make the change acclimatise with ease, many are jubilant and feel liberated. The fact is memories go with you, and do not need space other than in one’s mind.”

Speaking personally, Des Hauser, Pam Golding properties area principal in [Alberton](#) and [Johannesburg South](#) says: “My advice to anyone planning to downscale is consider proximity to your children and grandchildren as you may regret living too far away to be able to spend the time you’d like with them. Conversely, they may be moving into digs locally, or to another town, province or even country, in which case you may want to look at a home which still has space for them when they visit. Take time to weigh up all the options and if necessary, rent or rent out before you buy.”

If the reason for downscaling is financial, it may be prudent to consider the costs of buying and selling versus the option of renting out a portion of the existing property – for example, a garden cottage – to generate income, says Carol Reynolds, Pam Golding Properties area principal for [Durban Coastal](#).

“Look at moving costs and transfer costs, and if relocating to a sectional title unit, source information about the health of the body corporate or homeowners’ association, look at options like renting out part of your existing home, and be positive and embrace change as living simply with less

maintenance is rewarding.”

Adds Kreusch: “Downsizing presents the opportunity for considerable cost savings such as a reduction in domestic wages, gardener, garden services, swimming pool, maintenance, electricity, water and other municipal tariffs, rates and taxes. Also take into account the rules that come with sectional title living if this is new to you, as it can be quite an adjustment as you are living in closer proximity to other people than in a freehold house. Benefits of being in a complex can include access to communal facilities and activities, easier access to amenities, transport routes, shops and the workplace. Depending on your personal preferences, some may prefer being closer to other people and living in a community with shared activities and companionship.”

Practically, he says, apart from the fact that location or position is the maxim of successful real estate buying, especially with a view to longer term return on investment, consider things like stairs and lofts – single storey is usually better and safer for older buyers, retirees and empty nesters. How long do you plan on living in your new home? If it’s for the long term, look at the medical and frail care facilities near you as well as property security elements.

Speaking of empty nesters and those approaching their later years in life, Richard Arderne, Pam Golding Properties area principal in [St Francis Bay](#) says: “We deal with many permanent resident home owners in their 60s, 70s and 80s who are struggling with the decision whether to sell their home, or stay on in their current home.

“Holding onto a large home, waiting for a high price while facing rising maintenance and other costs and even insufficient security is probably unwise, although some prefer to stay in the home they know and love. Our advice to older couples in this area would be to consider a move to [St Francis Links](#) for the excellent security and safe walks, incredible plant, bird and animal life. A move in one’s 60s should lead to many years in a tranquil environment, and here homes start at around R2 million. Ideally, a frail care will be built in town within the next few years.”

Adds Ling Dobson, area principal for the company in [Knysna](#) and [Plettenberg Bay](#): “Downscaling is not always age-related; it can be due to lifestyle – moving from the city to the coast or relationship changes, among other factors, such as your children being able to play safely on the beach or closer access to school and sporting activities, eliminating time wastage in congested city traffic.

“A lock-up-and-go property certainly enhances one’s lifestyle and freedom and peace of mind when travelling, as you don’t have to be concerned with security in regard to locking up a large home. For example, in both Knysna and Plett you can find many apartments in close proximity to shopping and restaurants as well as the beaches. My advice is to look at the ‘lifestyle’ residential developments and what they offer – many provide a wonderfully relaxed and secure environment with all medical and other facilities close at hand. But bear in mind that many of these estates are over-subscribed so you may need to put your name on waiting lists.”

To summarise, here are some final words of advice from Pam Golding Properties head of training, Lanice Steward.

“At first glance, downscaling seems synonymous with financial gain and it should be, but often, there are a few common mistakes that can easily be avoided.”

Calculate your number of moves

Is your next move a simple downscale into an apartment or smaller home, or are you ready for a retirement lifestyle? If it’s a downscale, remember that property is a long-term investment, so give yourself time. Remember that your lovely new, lock-up-and-go, or seaside cottage, needs an average of five years to appreciate in value to ensure financial gain. And when you factor in that selling a home includes transfer and commission fees, you don’t really want to transact twice in a short time. Allow time for the investment to pay for itself.

Don’t wait endlessly for the right price

Once you have made the emotional decision to move on, don’t be swayed by the well-meaning financial advisor who insists that you wait for the ‘right price’. Two years could go by and you may get that price, but remember that in that time you have also accrued the rates and taxes as well as the high utility and maintenance costs of owning a large home.

De-clutter before you go to market

The fact is that ‘de-personalised’ properties sell faster and achieve better prices. This is because the new buyer can more easily visualise themselves in your space. If you have lived in your home for a long time, do it now as cluttered homes make a house look old. And that’s not you, you’re just starting an exciting new journey, so enjoy it.

For further information contact Pam Golding Properties on 021 7101700 or email headoffice@pamgolding.co.za.