

# BUILD, BUY OR RENOVATE?

*The South African Property Decision Guide*



## THE SOUTH AFRICAN PROPERTY CONTEXT

**Build, buy, or renovate — it's one of the most consequential financial decisions you'll make. In South Africa's current market, each route carries a very different risk and reward profile.**

South Africa's residential property market has unique dynamics that shape this decision. Interest rates have dropped to their lowest levels since 2022, making bond finance more accessible. Construction costs have escalated sharply over the same period — basic builds now start at R6,000/m<sup>2</sup> and premium finishes can exceed R20,000/m<sup>2</sup>, not including professional fees, plans, and municipal approval costs.

Load shedding has reshaped buyer priorities, with solar installations, inverters, and energy-independence now ranking among the top value-adding features a property can offer. The chronic shortage of 2.3 million housing units continues to drive demand, particularly in the entry-to-mid market.

Against this backdrop, the question of whether to build, buy, or renovate is more nuanced than ever.

### BUILD NEW

Maximum customisation. Maximum complexity. Highest risk of budget overrun and timeline delay. Best for unique sites or very specific requirements.

### BUY EXISTING

Fastest path to ownership. Established location. Known costs. What you see is largely what you get. Best ROI for most buyers.

### BUY & RENOVATE

Best of both worlds when done right. Existing location, upgraded to your taste. ROI depends heavily on what you spend money on.

*There is no universally correct answer. The right route depends on your budget, timeline, risk appetite, and the specific property and location in question. This guide gives you the framework to decide with confidence.*

## BUILDING NEW — THE FULL PICTURE

**Building from scratch gives you complete control over what you create. It also gives you complete exposure to every risk in the process.**

### What Does It Actually Cost?

Construction costs in South Africa are quoted per square metre of covered floor area. These are broad benchmarks — actual costs depend on site conditions, location, finishes, and contractor.

BUILD CATEGORY	COST RANGE	NOTES
<b>Basic Finishes</b>	R6,000 – R8,000/m <sup>2</sup>	Simple finishes, standard fittings, entry-level materials. Functional but not feature-rich.
<b>Mid-Range Finishes</b>	R9,000 – R13,000/m <sup>2</sup>	Good quality tiles, kitchen, and bathrooms. Solid construction. The majority of new residential builds.
<b>High-End Finishes</b>	R14,000 – R20,000+/m <sup>2</sup>	Premium materials, bespoke joinery, imported fittings. Architectural design features.
<b>Luxury / Custom</b>	R20,000+/m <sup>2</sup> +	No ceiling. Fully custom builds in high-end suburbs. Architect-driven design.
<b>Professional Fees</b>	10–15% of build cost	Architect, structural engineer, quantity surveyor, project manager. Non-negotiable for quality.
<b>Municipal Approvals</b>	R15,000 – R80,000+	Plan submission, approval, inspections. Costs and timelines vary significantly by municipality.
<b>Contingency (always)</b>	15–20% on top	Budget overruns are the norm, not the exception. Never build without a contingency reserve.

### What the Build Process Looks Like

**STEP 1** — Find and purchase a suitable plot. Bond for land registered separately if not cash.

**STEP 2** — Appoint an architect. Design brief, concept, drawings, and working plans developed.

**STEP 3** — Plans submitted to municipality for approval. Allow 6–12 weeks minimum — more in some areas.

**STEP 4** — Apply for construction loan. Bank assesses plans, appoints their own valuer and inspector.

**STEP 5** — Tender process — get at least 3 quotes from registered builders. Vet thoroughly.

**STEP 6** — Construction begins. Bank makes progressive drawdowns at each phase after their inspector signs off.

**STEP 7** — Occupation certificate obtained from municipality on completion. Bond converts to standard home loan.

*Never skip the quantity surveyor. An independent QS gives you a bill of quantities before you tender, protects you from inflated quotes, and keeps contractors honest throughout the build.*

## BUYING EXISTING — THE FULL PICTURE

**For the majority of South African buyers, purchasing an existing property remains the fastest, most predictable, and best-value route to homeownership.**

### The Case for Existing Property

- What you see is largely what you get. You inspect before you commit. No construction surprises.
- Established neighbourhoods have proven demand, visible comparables, and known market values.
- From offer to keys in hand: typically 3–5 months. No year-long waits.
- Previous owners often carry the cost of upgrades you benefit from — bathrooms, fitted kitchens, landscaped gardens.
- Standard home loan process is well understood, well supported, and competitively priced.
- In a market with rising prices, time-to-ownership matters. Every month you delay could cost you.

### What Buying Existing Costs

Beyond the purchase price, budget for the following — typically 8–10% of the purchase price in total:

**Transfer Duty** — Government tax on the purchase. 0% under R1.21m, sliding scale to 13% above R13.31m.

**Conveyancing Fees** — Paid to the transferring attorney. Approximately 1–1.5% of purchase price.

**Bond Registration Fees** — Paid to the bank's attorneys. Approximately 0.8–1% of bond amount.

**Compliance Certificates** — Electrical COC mandatory. Gas, electric fence, and plumbing certificates where applicable.

**Deposit** — Most banks prefer 10–30% upfront. Larger deposit = better rate and lower monthly repayment. First-time buyers often have the advantage of 0% deposit required.

### What to Look For — And Watch Out For

- Location over finishes, always. You can renovate a house. You cannot move a suburb.
- Check for latent defects: rising damp, roof condition, geyser age, electrical compliance, drainage.
- Understand the voetstoets clause — the property is sold as is. Ask the seller to disclose all known defects in writing.
- Get an independent pre-purchase inspection done by a qualified property inspector before signing.
- Understand body corporate or HOA rules and levies before committing to a sectional title or estate property.
- Don't buy the most expensive house in the street — your ceiling is set by the neighbourhood, not your finishes.

*Your Leapfrog agent's market knowledge is your greatest asset when buying existing.*

*They'll tell you if a property is fairly priced, flag concerns, and negotiate on your behalf.*

# RENOVATING — WHAT ADDS VALUE AND WHAT DOESN'T

Renovation is powerful when done right and expensive when done wrong. The key is knowing which improvements the market rewards — and which ones you're doing purely for yourself.

The golden rule of renovation ROI: improvements add value only up to the ceiling set by your neighbourhood. Spending R800,000 renovating a property in a R1.2m area will not produce a R2m property. Know your market before you pick up a hammer.

IMPROVEMENT	RETURN	WHAT YOU NEED TO KNOW
<b>Kitchen Upgrade</b>	<b>HIGH ROI ↑</b>	Modern kitchens are one of the top buying triggers. New cupboard doors, countertops, and hardware can return 70–100% of cost in added value.
<b>Bathroom Renovation</b>	<b>HIGH ROI ↑</b>	Updated bathrooms — particularly en-suite master bathrooms — deliver strong value. Tiles, vanities, and fittings matter. Gut-and-redo if needed.
<b>Fresh Paint (Neutral)</b>	<b>HIGH ROI ↑</b>	One of the highest ROI improvements per rand spent. Neutral, modern tones appeal to the widest buyer pool. Don't underestimate this.
<b>Curb Appeal &amp; Landscaping</b>	<b>HIGH ROI ↑</b>	First impressions are everything. Paving, a tidy garden, new entrance gate, exterior paint — buyers make decisions in the first 90 seconds.
<b>Additional Bedroom / Bathroom</b>	<b>GOOD ROI ↗</b>	Adding a bedroom or bathroom increases the property category (e.g. 3-bed to 4-bed) and broadens your buyer pool significantly.
<b>Solar / Inverter System</b>	<b>GOOD ROI ↗</b>	Load shedding has made this a top buyer priority in SA. A full solar system or quality inverter setup adds measurable value and speeds up sales. There is however a sunk cost involved, like when buying a 2 <sup>nd</sup> hand car, the initial value is never the sale value.
<b>Flooring Upgrade</b>	<b>MODERATE ROI →</b>	Quality tiles, vinyl or solid wood floors improve perception significantly. Cheap laminate is easily spotted and can actually hurt your price.
<b>Garage Conversion / Carport</b>	<b>MODERATE ROI →</b>	Context-dependent. Covered parking adds value in most SA suburbs. Garage-to-room conversions are popular but may not recover full cost.
<b>Luxury Pool</b>	<b>LOW ROI ↓</b>	Pools are expensive to install, maintain, and insure. In most markets they don't add equivalent rand-for-rand value. Kids' suburbs are the exception.
<b>Bespoke / Taste-Specific Features</b>	<b>LOW ROI ↓</b>	Custom bar areas, themed rooms, or ultra-personalised finishes narrow your buyer pool. What you love, others may tear out.
<b>Over-Capitalising for the Area</b>	<b>LOW ROI ↓</b>	The most expensive property in the street rarely sells for what it cost to build. Your ceiling is set by the neighbourhood, not your finishes.
<b>General Maintenance &amp; Repairs</b>	<b>NECESSARY —</b>	Fixing leaks, cracks, and defects doesn't add value — but failing to do so actively reduces it. Buyers and banks notice deferred maintenance.

## FINANCING YOUR DECISION

How you finance the project is as important as the project itself. Standard home loans and construction loans are fundamentally different instruments.

	STANDARD HOME LOAN	CONSTRUCTION LOAN
<b>What it funds</b>	The full purchase price of an existing property.	Construction costs: land, building, materials, professional fees.
<b>How it's drawn</b>	Full amount drawn at registration. One lump sum.	Progressive drawdowns as each build phase is completed and inspected by the bank.
<b>Interest from when</b>	From date of registration.	From each drawdown — you only pay interest on what's been drawn.
<b>Bond registration costs</b>	Standard — approximately 0.8–1% of loan amount.	Higher — two registrations may occur (land bond + building bond).
<b>Valuation basis</b>	Current market value of the existing property.	Bank values the land + completed building based on approved plans.
<b>Rate offered</b>	Standard variable or fixed rate. Negotiable based on deposit and credit record.	Often slightly higher — construction loans carry more bank risk.
<b>Approval timeframe</b>	Typically 7–14 working days.	Longer — plans, specifications, and builder vetting required. Allow 4–6 weeks.
<b>Risk to borrower</b>	Standard bond risk — property value fluctuates with the market.	Cost overrun risk, timeline delays, builder default, plan changes mid-build.
<b>Insurance during build</b>	Standard home insurance from registration.	Contractor's All Risk insurance required during construction. Confirm who provides it.
<b>Best for</b>	Most buyers — established property, known cost, fast process.	Buyers with a specific vision, a suitable plot, and a reliable building team.

### A Note on Construction Loans in South Africa

Construction loans are offered by all major South African banks but are structured very differently to standard bonds. The bank appoints their own inspector to sign off on each phase of construction before releasing the next drawdown. This protects the bank — but it also protects you. If work doesn't meet standard, the bank won't pay.

Key requirement: you need full, approved architectural drawings before a construction loan can be issued. Concept sketches are not sufficient. Budget for professional fees before you even start the finance process.

### Using Your Existing Equity

If you already own property and have built up equity, you may be able to access that equity through an access bond or by refinancing to fund a renovation or land purchase. This can be a cost-effective alternative to a separate construction loan — discuss with your bank or bond originator.

# TIMELINE & RISK COMPARISON

Side by side, the three routes look very different in terms of how long they take and what can go wrong.

## Timeline Comparison

MILESTONE	BUY EXISTING	BUILD NEW	BUY & RENOVATE
<b>Decision to action</b>	1–2 weeks (valuation, pre-approval)	2–6 weeks (concept, land search)	1–2 weeks (valuation, scope of work)
<b>Planning phase</b>	Viewing and offer — 2–6 weeks	Architect, plans, approvals — 3–6 months	Architect / contractor quotes — 4–8 weeks
<b>Finance approval</b>	7–14 working days	4–6 weeks (complex assessment)	Standard bond: 7–14 days
<b>Transfer / build start</b>	6–12 weeks from OTP to registration	Build starts after plan approval and bond	Renovation starts post-finance and planning
<b>Occupation</b>	At registration or occupational rental date	6–18 months after breaking ground	Phased — can occupy during some renovations
<b>Total typical timeline</b>	3–5 months from decision to keys	12–24+ months from decision to move-in	2–6 months depending on scope
<b>Timeline certainty</b>	High — fixed legal process	Low — delays are common and costly	Medium — contractor-dependent



## Risk Comparison — Build New vs Buy Existing

RISK FACTOR	BUY EXISTING	BUILD NEW
<b>Budget certainty</b>	HIGH — purchase price is agreed and fixed. Transfer costs are predictable.	LOW — material and labour costs escalate. Industry norm: budget 15–20% contingency on top of quote.
<b>Timeline risk</b>	LOW — legal process is structured and largely predictable.	HIGH — weather, contractor delays, plan amendments, and municipal approval backlogs are common.
<b>Quality risk</b>	LOW — you inspect before you buy. What you see is what you get.	MEDIUM–HIGH — quality depends entirely on your contractor and your oversight. Defects may only appear later.
<b>Contractor risk</b>	None — not applicable.	HIGH — contractor insolvency, abandonment, or poor workmanship mid-build is a real and costly risk. Vet thoroughly.
<b>Market risk</b>	Standard — property values fluctuate. Location is your best hedge.	HIGHER — over-capitalising for the area or building in an underdeveloped zone can trap value.
<b>Neighbourhood risk</b>	LOW — established area, known dynamics, visible comparables.	HIGH — new developments: you don't know what gets built next door.
<b>Finance risk</b>	Standard bond risk. Rate changes affect repayment.	Construction loans may be withdrawn if plans change or builder is replaced. Bank retains more control.
<b>Resale risk</b>	LOW — well-located existing homes have proven buyer appeal.	MEDIUM — custom-built homes can be harder to price and sell. Buyers price taste-specific homes conservatively.

*The single biggest hidden risk in building new is contractor default mid-build.*

**Always use a NHBRC-registered builder, insist on a signed building contract, and never pay more than the contract schedule requires at each phase.**

# HOW TO MAKE YOUR DECISION

**Ask yourself these questions honestly before committing to any route.**

## Questions to ask before building:

- Do I have a specific vision that genuinely cannot be met by any existing property?
- Do I own or have I found a plot in a location I'm confident in?
- Can I absorb a 15–20% cost overrun without financial strain?
- Can I wait 12–24 months to move in, while potentially paying rent or a bond elsewhere?
- Do I have a proven, NHBRC-registered builder and an independent quantity surveyor lined up?
- Have I stress-tested the finance — what happens if rates rise mid-build?

## Questions to ask before buying existing:

- Have I been pre-approved and do I know my actual budget?
- Am I buying in a location with proven demand and good comparable sales?
- Have I had an independent property inspection done?
- Do I understand all costs beyond the purchase price — transfer duty, bond registration, compliance certificates?
- Is the property priced fairly relative to comparable sales in the area?

## Questions to ask before renovating:

- Do I know the ceiling value of properties in my street or suburb?
- Am I spending money on improvements the market rewards, or improvements I personally want?
- Have I got at least 3 contractor quotes and verified their track record?
- Do I have a contingency budget of at least 15% on top of the quotes?
- If renovating to sell: has my agent confirmed which improvements will actually move my price?

### Build New if you...

- Have a specific vision that can't be met by any existing property
- Own or have found a suitable plot in a desirable location
- Have the time, budget, and appetite for a 12–24 month process
- Can absorb a 15–20% budget contingency without stress
- Have a proven, vetted building team you trust completely
- Understand that timeline delays are the norm, not the exception

### Buy Existing if you...

- Need certainty on budget, timeline, and what you're getting
- Want to move in within 3–5 months of your decision
- Are buying in an established area with proven comparables
- Don't have the capacity to project manage a build
- Want the best ROI with the least risk
- Are buying as an investment — location and proven demand matter most

## NOT SURE WHICH ROUTE IS RIGHT FOR YOU?

Your agent can walk you through your specific circumstances, budget, and timeline — and help you make the right call.

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