

Buying a House: What Costs Will You Pay, and When?

"It is a comfortable feeling to know that you stand on your own ground. Land is about the only thing that can't fly away." (English novelist Anthony Trollope)

With interest and home loan rates at their lowest since 2022, it's no surprise that South Africa's property market confidence level at the end of 2025 was sitting at a record high of 87%. That will have been boosted by the country's positive economic outlook following Budget 2026, and by Budget 2026's 50% increase in the primary residence exclusion (which should stimulate sales by reducing the CGT payable by sellers).

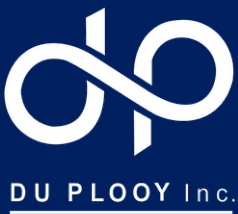
If you are a buyer about to put in an offer on a house, remember to budget for the various costs you'll face over and above the purchase price. In all the excitement of your purchase (particularly if it's your first house!) it's easy to underbudget. But you really don't want to risk any unpleasant financial surprises. **If you do breach a term of the sale agreement by not paying something on time, you could even face cancellation of the sale and a damages claim.**

Only with a proper budget and cash flow forecast can you be confident both that you really can afford to offer for the house you've fallen in love with, and that you'll be able to pay everything you need to, when you need to.

Have a look at the list we've put together below and use it to prepare your own detailed cash flow forecast. Ignore anything that doesn't apply to you and bear in mind that every buyer's situation will be unique, so this is no more than a generalised checklist.

Costs payable before transfer

- **The deposit:** Most sale agreements – often titled as an "Offer to Purchase" (OTP) until it's accepted by the seller – require you to pay a deposit, usually 5% or 10% of the purchase price.
- **Bond/home loan initiation fee:** This fee normally incorporates a valuation fee and is added to your loan, but check with whichever bank you use.



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- **Homeowner's insurance policy and life cover policy (if required by the bank)**
:Be sure to provide for payment of the first premiums before bond registration.
- **Transfer duty:** Unless VAT applies to the sale, transfer duty is payable. This is a government tax payable via SARS before transfer. It applies to all property sales over R1,210,000, on a sliding scale linked to the sale price. This can be a substantial cost!
- **Transfer fees:** The transferring attorney (conveyancer) charges fees based on a sliding scale linked to the sale price. Added to the account will be charges for FICA verification, deeds searches, postages and petties, other disbursements and the like.
- **Bond registration fees:** If you take out a bond, the bank appoints an attorney to register it, with the fees calculated on the size of the loan and including the attorney's fees, FICA charges and a prescribed Deeds Office registration fee.
- **Deeds Office fees:** These are government charges for both transfer and bond registration.
- **Rates clearance:** Your local municipality will require advance pro-rata payment of municipal rates before it issues the necessary clearance certificate.
- **Levy clearance:** Similarly, if you are buying into a complex, the sectional title's body corporate or Homeowners' Association (HOA) will require pro-rata levy payments before issuing a clearance certificate.
- **Occupational interest (if applicable):** If you take occupation before transfer, you need to budget for whatever occupational interest is provided for in the sale agreement.
- **Utility deposits:** If required by your local municipality when opening up water and electricity accounts.
- **Moving costs:** Don't overlook these when budgeting!

Some of these costs are easily overlooked, but they can add up alarmingly. So, plan for them all before you put in your offer to purchase.



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Ongoing monthly costs after transfer

Include bond instalments, municipal rates and taxes, levy payments (if you buy in a sectional title or HOA), utility charges, insurance premiums for the property and the contents, and so on.

One-off costs after transfer

If you plan to do alterations or repairs, redecoration, garden revamps, furniture replacement or anything similar, add these costs to your budgeting so you don't suddenly run out of money and have to postpone them. For long-term planning, set aside a budget for ongoing home maintenance.

As always, we are here to assist, so let us know if you have any questions, need any further information, or would like help in creating a cash-flow projection specific to your purchase.