

Fuel price decrease will impact rental property market

 By Richard Gray

1 Aug 2016

The drop in fuel prices set to happen this coming Wednesday is a welcome relief for many cash strapped consumers and businesses.



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Fuel price decreases translate into a reduction in transport costs which means the price of household expenses are also reduced – such as food and transport costs. The same applies to businesses who are affected by high transport costs; they are set to experience an ease in expenses across an array of categories.

The for sale property market is not usually susceptible to short term changes like fuel price increases and decreases, however the rental property market might be more vulnerable to these fluctuations. Studies in the past have indicated the price of fuel is a major factor taken into consideration when future tenants are deciding on areas to rent.

As fuel prices increase the demand for rental properties close to business districts, schools and amenities also increase in an attempt to curb excessive transport costs. Similarly with the price of fuel coming down South Africans will have more expendable income and might look to more expensive areas as well as consider a wider geographic region.

However, as the rand continues to make gains against the dollar and international petrol prices remain low South Africans will undoubtedly benefit and we should make use of this breather to help buffer us against any financial uncertainty over the

coming months by saving, investing or paying off debt faster.

ABOUT RICHARD GRAY

Richard Gray is CEO of Harcourts Real Estate South Africa. He joined the group in September 2010. Gray brings extensive experience in IT, project management, corporate operations and financial services provision, having been CEO of mortgage originator Bond Choice, to the table. He believes that the key to the group's prospects are the strong brand, industry-leading value proposition, talented people, and the benefits of being part of a powerful international real estate group.

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