

# State of SA's rental industry, what landlords can expect

Pearl Scheltema, CEO of Fitzanne Estates, weighs in on what to expect from the real estate landscape in the coming months and how the Covid-19 lockdown has impacted the South African residential rental market.



Pearl Scheltema, CEO of Fitzanne Estates

“As with any industry, performance is driven by supply and demand,” Scheltema explains, continuing: “According to Michelle Dickens, MD of TPN, this lies at the centre of the current rental market upset, with a clear case of oversupply versus muted demand.” Understanding the economic and social landscape of the last year goes a long way in making sense of these low rates of demand.

Approximately 75% of tenants in the TPN database saw some sort of negative shift in income during 2020 – either indicating a complete loss of income, or some level of salary or wage reduction. This has resulted in a massive pool of tenants who could no longer afford to live in their current homes. “We have seen a definite increase in defaulting tenants during the lockdown period, with our team working with our clients to find practical ways to facilitate partial or delayed payment of rent,” says Scheltema.

Ultimately, many tenants have had to leave their rental homes and either moved in with roommates or back to their families. Compounding the issue of supply was the lockdown on tourism and international travel. The majority of

short-term rental properties were placed on the long-term rental lists in a bid to secure some form of income from longer term tenants.



## TPN Tenant Survey: 75% of tenants reported loss of income during lockdown

18 Feb 2021



## Oversupply in areas with development boom

“According to TPN research, provinces that have seen a marked boom in development over the past few years have been particularly hard hit by vacancies as there are now so many properties to choose from,” Scheltema explains.

While there will ultimately always be a need for rental properties – and the demand will inevitably pick up again – landlords need to pay close attention to the aspects that set their property apart in a crowded rental market. Having access to a professional team of property managers makes this even more possible.

Tenants consistently cite good value and security as key characteristics to look for when choosing a property. “Landlords should pay special attention to the management and maintenance of their properties as this will attract not only any tenant but good tenants,” Scheltema advises.

The real estate industry is ever shifting, with daily changes coming into play and affecting our growth outlook.

This month's Fitzanne's Property Exchange podcast, hosted by Scheltema, digs into the rental market in more detail and discusses what to expect from the year ahead:

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